Rescuing the Human Development Concept from the HDI: Reflections on a New Agenda

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Introduction: human development misunderstood

In the 1990s, development economics and policy debates acknowledged that development is about more than the growth of material output and should serve broader objectives of human well-being. In particular, it is now widely accepted that expansion of education and health constitute important goals, and the monitoring of poverty has come to explicitly include progress in these areas.[1] The annual *Human Development Reports* have been a major force behind this shift, constituting one of the strongest voices advocating attention to the non-income dimensions of human well-being, and raising dissatisfaction with the notion that human well-being is to be advanced primarily through expanding incomes.

But this new consensus is by no means a recognition of the full concept of human development. Indeed, for myself and several other co-authors of the *Human Development Reports*, the most nagging frustration with the recent evolution of development thinking has been the continued misinterpretation of human development, which is an application of the "capabilities approach" conceived by Amartya Sen and explained in more detail in other chapters of this book. Despite the broad and complex nature of human development, an assumption has arisen that it is essentially about education and health, which adds little to concepts of human capital and basic needs.

There has also been a tendency to imprison human development strategies and ideas within the human development index. Ironically, the success of the HDI has only served to reinforce the narrow interpretation of human development. Two flaws in the initial design of the HDI – the simplification of a complex idea, and the exclusion of references to political freedoms and participation – continue to haunt the concept. Despite careful efforts to explain that the notion of human development is much broader than its measure, the HDI's message is that the essential human development objectives are to expand education, literacy, health and survival, and to raise incomes. The power of the HDI as a communications tool has proved difficult to moderate.

This chapter focuses on how human development differs from the human capital, human resource development and basic needs approaches. It also reviews how human development concepts have evolved in the *Human Development Reports* over the last

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[1] Kanbur 2001.

decade, and why the perception continues that human development is about education and health.

Maintaining that human development is broader than education and health because human capabilities extend well beyond these areas and are arguably infinite, the chapter shows how human development differs from other approaches in three important ways:[2]

- definition of ends and means,
- concern with human freedoms and dignity, and
- concern with human agency – the role of people in development.

Finally, the chapter identifies gaps and outlines an agenda for future work on concepts, measures and policies.

Human ends and economic means

In the human development framework, development is about people's well-being and the expansion of their capabilities and functionings. Expansion of material output is treated as a means and not an end. The ends-means relationship is reversed in theories of human capital formation or human resource development, in which human beings are treated as a means to economic growth. While the human development approach views investment in education and health as having intrinsic value for human lives, the human resource development approach stresses how education and health enhance productivity, and have important value for promoting economic growth.[3] The basic needs approach focuses on access to social services to meet basic material needs for a decent life. This approach does not elaborate on the reasons why certain needs are important. In the absence of such considerations, the basic needs approach ends up emphasizing the supply of materials rather than what these material goods allow people to do.[4]

In embracing the human development approach, the *Human Development Reports* have highlighted two central messages: defining well-being as the purpose of development and treating economic growth as a means. This ends-means relationship has been developed in new concepts and measures, and in articulating policy priorities.

For example, successive reports have shown that countries with similar incomes can achieve very different levels of human development. *Human Development Report 1996* explores this relationship further, revealing that there is no automatic link. Growth can be ruthless, rootless, futureless, voiceless and jobless – but when the links are strong, growth and human development are mutually reinforcing.

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[2] The contrasts have been explained in each report from the start. For example, see *Human Development Report 1990,* p. 11. Chapter 2 of *Human Development Report 1996,* "Growth as a Means to Human Development," elaborates the evolution of development thought, traces how ideas about human development have emerged, and provides many useful insights into the differences between human development and earlier approaches.
[3] The difference between human capital and human capabilities is fundamental. See chapter 2.3.
[4] See chapter 2.1.

With ends being defined in terms of human ends, deprivation and inequalities must also be defined in non-income terms. Thus, *Human Development Report 1997* made an important conceptual breakthrough on poverty, defining it as deprivation in lives and choices rather than in material goods and income. The report introduces a concept of "human poverty" as distinct from "income poverty." While the standard measure of poverty focuses on incomes or food consumption below a threshold, *Human Development Report 1997* debuts a measure focussing on human development achievements below a threshold level in human survival, literacy, nutrition and access to public income.

Similarly, analysis of deprivations and inequalities in the *Human Development Reports* focuses less on material goods and more on capabilities and choices. For example, *Human Development Report 1995* introduced a measure of human development that takes account of gender inequalities (the gender-related development index, or GDI) and another on the disparities between women and men in participation in decision-making processes (the gender empowerment measure, or GEM).

Human Development Reports have also introduced an approach to measuring inequalities based on capabilities by the use of HDIs, and through disaggregating the HDI by region, gender and ethnic groups. Such assessments have led to lively national debates and policy responses – for example, in Brazil, where regional HDIs display a huge range, the lowest comparable to the lowest in the world and the highest comparable to the highest in the world.[5]

The most obvious policy implication of this ends-means framework is that economic growth alone will not be enough to promote human development. Greater attention needs to be paid to other human development goals. Focussing on human lives as the end of development can frame the analysis of almost any development challenge and drive the agenda of policy concerns that will be addressed. Each annual *Human Development Report* has carefully applied this framework to its chosen theme.

In considering globalization, for instance, *Human Development Report 1999* goes beyond the impact of trade and capital liberalization on economic growth. It focuses instead on the changing opportunities in people's lives and raises concerns over new insecurities that are being created. The conceptual framework of *Human Development Report 2001* sees technology as a tool for promoting human development, not as a reward of higher incomes. This contrasts with growth-oriented studies of the current technology revolution, which deal primarily with impacts on the economy such as productivity increases, employment creation and stock market trends.

Human Development Report 2001 looks at public policies to "make new technologies work for human development" – for example, by shifting priorities for research and development investment to tackle enduring problems such as tropical diseases, low agricultural productivity and lack of access to energy. The report introduces a new

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[5] *Brazil National Human Development Report,* 1996.

measurement tool, the technology achievement index, which focuses on how basic technologies are spread through a country. India, for instance, which is now a world class centre of innovation, has a relatively low index because large parts of the country are still without access to basic technologies such as electricity and telephones. The TAI also incorporates the human capacity to innovate and adapt.

In addition, the *Human Development Report* has taken new approaches to the consumption/environment debates, which have been dominated by concerns about economic growth and expansion in consumption as sources of environmental stress. *Human Development Report 1998* focuses on the impact on people, especially on the different burdens and needs of the underconsumers, who are not consuming enough even to meet basic needs, and the overconsumers, whose consumption is huge and growing. Not only do the overconsumers create more environmental stress, but the underconsumers are most likely to suffer from the environmental consequences, from air pollution to rising sea levels.

Another human-centered concept that has had considerable impact on public debates is the notion of human security. *Human Development Report 1994* calls upon policy makers and researchers to focus on the security of people rather than on the security of national borders. The implications of this concept are profound. It challenges notions of foreign policy by proposing that countries protect people against serious harm and violations of human rights even when a state is unwilling or unable to do so. It indicates the need for national economic policies to set up measures against the catastrophic consequences of economic downturns and natural disasters. Human security is a major current of international deliberations, which have given rise to the establishment of two world commissions in 2000 and 2001.[6]

Human freedom and dignity – including social and political freedoms

Human development is motivated by the search for freedom, well-being and the dignity of individuals in all societies, concerns that are absent from concepts of social development, human capital formation and basic needs. The human development approach also maintains that all capabilities expand human freedoms, and emphasizes attaining the full range of these capabilities, including the social freedoms, which cannot be exercised without a guarantee of political and civil rights.

As *Human Development Report 2000* states, capabilities comprise "the *basic freedoms* of being able to meet bodily requirements, such as the ability to avoid starvation and undernourishment, or to escape preventable morbidity or premature mortality. They also include the enabling opportunities given by schooling...or the liberty and economic means to move freely and to choose one's abode. There are also important '*social*' freedoms, such as the capability to participate in the life of the community, to join in

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[6] The government of Canada established an international commission in 2000 to propose principles and conditions for humanitarian interventionism. In 2001, the government of Japan set up a World Commission on Human Security to provide public advocacy, conceptual clarification and a programme of action on the multiple dimensions of human security.

public discussion, to participate in political decision-making and even the elementary ability 'to appear in public without shame'."[7]

From the outset, the *Human Development Reports* have underscored political and social freedoms as integral to human development, recognizing them as a policy priority. The authors of the *Human Development Reports* also have acknowledged that the biggest flaw in the HDI has been the lack of an indicator of political freedom. Serious efforts were made to develop a measure starting in 1990, with the human freedom index published in 1992 followed by the political freedom index in 1993. Unfortunately, these measures were technically flawed as well as politically unacceptable. They created bitter controversy and had to be discontinued.[8]

So, in spite of the human development emphasis on the importance of political and social freedoms, these capabilities have never been given as much attention as basic capabilities – improved health, education and incomes. Part of the reason has to do with the complexity of measuring and monitoring such freedoms, a factor that is reflected in the assessment of trends in human development that forms a chapter in each *Human Development Report*. For example, the 1990, 1991 and 1992 *Human Development Reports* make strong assertions about the importance of human freedoms and contain serious attempts to develop composite measures of them. Yet ironically, while the chapters on progress in human development provide detailed analyses of trends in life expectancy, education and basic incomes, they barely contain a mention of trends in political freedom, human rights and participation. Similarly, the balance sheets of human development graphically display progress and deprivation in life expectancy, health, sanitation, food and nutrition, women, children, human security, environment – all essentially economic and social issues with no reference to political freedoms.

Two exceptions to this pattern are the 1995 and 2000 *Human Development Reports*, which explicitly recognize the significance of political freedoms. The 1995 report on gender emphasizes the importance of equal rights to political freedom and participation. The GEM includes the political empowerment of women as an indicator of women's overall standing. *Human Development Report 2000*, on human rights, also leaves no ambiguity in assessing human progress – in development and rights – by giving equal attention to economic, social, political and civil concerns.

Human Development Report 2000 in particular afforded a major conceptual breakthrough in clarifying the relationship between human rights and human development. The report identifies seven freedoms as inherent to both. These span the spheres of social, economic, political and civil life, including freedom from discrimination, from fear, of speech, from

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[7] *Human Development Report 2000,* p. 19.
[8] Since then, a number of efforts have been made to collect data and measures of political freedom – such as the Freedom House Index, Gurr's Polity Index and dozens of others. These are interesting measures but are concerned with political institutions. The human freedom index and the political freedom index remain important experiments in measuring human enjoyment of freedom rather than the existence of institutional arrangements. For assessments of this experience, see Haq 1995 and *Human Development Report 2000*, box 5.2.

want, to develop and realize one's human potential, from injustice and violations of the rule of law, and to obtain decent work.

Human Development Report 2000 also addresses policies needed to promote political and civil freedoms. It highlights "inclusive democracy" as a political system that safeguards the rights of all and identifies the exclusion of minorities as a pitfall of majoritarian democracies. It also shows that civil and political freedoms can help people take collective action and demand other rights.

People, participation and change

Intrinsic to the human development approach is the notion of human agency. People cannot be considered as passive beneficiaries of economic and social progress, but must be regarded as active agents of change. By contrast, the basic needs approach treats human beings as beneficiaries rather than as participants in making progress. While the human resources approach sees human beings as agents of change, the focus is on their productive capacity.

Human development is also concerned with human agency in diverse areas, especially participation in the life of a community, in community decision-making and in collective action to promote change. Freedom and enjoying the respect of others are not only goals but also have instrumental value. Human beings can be agents of change through both individual and collective activities – through education and health that enhance productive potential, through knowledge that betters health, and through the use of civil and political liberties to promote political change. All of the *Human Development Reports* have reflected issues related to individual and collective actions.

In terms of the former, the reports have consistently stressed the importance of investing in education and health as a cornerstone of human development – the perception that human development is more or less the same as human resource development strategies is therefore not surprising. For instance, *Human Development Report 1991*, on the theme of financing human development, focuses on investing in education and health to ensure equitable access to all. Innovative measures in the report, such as the human priority measure, call for an analysis of public expenditures. *Human Development Report 1991* also supports the 20:20 initiative, a major policy advocacy effort to raise expenditures on basic human priorities.

In looking at mobilizing human agency through collective action, *Human Development Report 1993*, on participation, broke ground in arguing for the importance of people's role in governance. It proposes two strategies – strengthening institutions of civil society and decentralizing power from capital cities to regions and villages.[9] *Human Development Report 2000* goes further, explicitly addressing civil and political freedoms as a means for empowering people. As in the celebrated analysis of famines by Amartya Sen, which shows that famines are not allowed to persist in democracies, the expansion of civil and political freedoms empowers people to take collective action. The 1995 and

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[9] *Human Development Report 1993.* See especially the overview and chapters 4 and 5.

2000 *Human Development Reports* also contend that through history, human rights, including women's rights, have not been won by technocratic planning but by social advocacy movements.

However, the *Human Development Reports* overall have placed more attention on human agency through individual action rather than collective mobilization, resulting in many gaps. For example, in *Human Development Report 1990*, a section on using capabilities discusses employment, migration, popular participation and NGO movements, but does not mention the guarantee of political and civil liberties as a necessary condition for participation. The message behind this section is that "skilled, healthy and well-educated people are in a better position than others to take their lives into their own hands."[10]

While the reports have acknowledged the importance of collective agency, they have not developed a more elaborate understanding of how collective action can be facilitated, where it can be effective, what can go wrong. *Human Development Report 1993* details only the positive benefits of the rise of civil society, without an assessment of constraints that may still exist, the mixed results of new movements and the pitfalls. *Human Development Report 1995* says little about how women's participation in political life can be enhanced. And *Human Development Report 1996* offers interesting insights into a strategy for collective mobilization but does not give a more comprehensive treatment of the subject. The 1995 and 2000 *Human Development Reports* show that collective action – in the form of social movements – has been the essential motor behind progress in achieving gender equality and protection of human rights. But these reports also neglect to explore this process.

The scope of human development

The foregoing review shows that the *Human Development Reports* have emphasized capabilities related to education and health as well as the human-centered approach to development challenges, while paying much less attention to political freedoms, participation and the importance of collective action. This has fostered a widespread misconception of human development, but it also raises broader questions: What should be the scope of human development? Which capabilities should be included? Human development is certainly wider than education and health; important capabilities extend far beyond these two concerns.

The capabilities approach leaves open the priorities to be assigned to different capabilities.[11] However, public policy is about setting priorities. So one of the most difficult questions to be faced involves selecting which capabilities are important.[12] The range is infinite and the values that individuals assign to each capability vary from one

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[10] *Human Development Report 1990,* p. 26.
[11] Several scholars have written on this complex issue. See, for example, Nussbaum 2000.
[12] The capabilities approach to development – and human development, its application – leaves open the final definition of valuable ends to social and individual values. According to Sen (1989), "There are many ambiguities in the conceptual framework of the capability approach." These ambiguities are in fact part of the concept.

person to another. Many of these are not relevant – such as a brand of washing powder[13] or the colour of a car[14]. Some clearly deserve greater attention for public policy. But even those that are important or relevant can vary with social context – from one community or country to another, and from one point of time to another. Thus, "the task of specification must relate to the underlying motivation of the exercise as well as dealing with the social values involved."[15]

The *Human Development Reports* have applied two criteria in identifying key capabilities. First, they must be capabilities that are universally valued, since the purpose of the reports is to make a global assessment of progress in achieving human well-being that will be meaningful for nearly 200 countries at vastly different levels of income and social development. Second, these capabilities must be basic to life, in the sense that their lack would foreclose many options.

Four important capabilities for human development have been identified as basic: to be able to survive, to be knowledgeable, to have access to resources necessary for a decent standard of living, and to participate in the life of a community. Of these four, three are included in the HDI; the last is not because it is not measurable. The set has evolved over the years, and there are built-in ambiguities and an open-endedness in how it has been emphasized. While the first two capabilities are consistently in the definition of human development, the other two have been qualified and evolved. Access to resources needed for a decent standard of living is a reflection of "all other capabilities" that are not captured by education and health.[16] Participation has been included in the definition of human development from the first *Human Development Report* published in 1990, but it was referred to under "other important capabilities." This qualification was dropped in 2001. The shift is apparent in the following excerpts:

> Human development is a process of enlarging people's choices. In principle, these choices can be infinite and change over time. But at all levels of development, the three essential ones are for people to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living. If these essential choices are not available, many other opportunities remain inaccessible. But human development does not end there. Additional choices, highly valued by many people, range from political, economic and social freedom to opportunities for being creative and productive, and enjoying personal self respect and guaranteed human rights.[17]

> Human development...is about creating an environment in which people can develop their full potential and lead productive, creative lives in accord with their needs and interests. ... Fundamental to enlarging choices is building human capabilities – the range of things people can do or be in life. The most basic

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[13] Sen 1989.

[14] *Human Development Report 1999,* pp. 16-17.

[15] Sen 1989.

[16] Anand and Sen 1997.

[17] *Human Development Report 1990*, box 1.1.

capabilities for human development are to lead long and healthy lives, to be knowledgeable, to have access to resources needed for a decent standard of living and to be able to participate in the life of the community. Without these, many choices are simply not available and many opportunities in life remain inaccessible.[18]

Should other capabilities be included? Are there others that are both universal and fundamental? A number might be considered, for example, the capability to be free from physical danger, to be free from violence. This is a concern of people the world over as violence manifests itself in diverse forms, from battery in the home to street crime to wars and conflicts.

Human development strategies – from the era of national planning to the era of globalization

It is not surprising that the *Human Development Reports* initially emphasized education and health, paid less attention to political and social freedoms, and underscored individual rather than collective agency. As noted in *Human Development Report 1990*, capabilities that are important can change over time and from place to place.

The first *Human Development Report* was published in 1990, at the tail end of the "planning" era of development thinking. The opening chapter of Mahbub ul Haq's *Reflections on Human Development* carries the title, "The Missing People in Development Planning." Advocacy for human development focused on shifts in planning priorities, and on what investments and actions were needed by the state. In that context, what the state could do to expand capabilities in areas of education and health constituted an important part of human development strategy, both for the intrinsic as well as the instrumental values of education and health.

Today, we are in the era of rapid globalization. Economic and political liberalization shape the context of development and have shifted priorities. Capabilities to participate and the collective agency of social action have become more important. Against the economic entrepreneurship driving markets, social entrepreneurship is expected to impel policy debates on issues that matter for people's well-being – for human development. Collective actions by people and actors other than the state, notably civil society groups, now play a larger role in shaping the course of development, and there is an emerging consensus on the importance of civil society in the promotion of development. The political shifts of the 1980s and 1990s have also built greater consensus around the intrinsic value of political freedoms and all human rights.

A future agenda for the *Human Development Reports* should be to give more balanced emphasis to political freedoms and collective agency. Over the next decade, they can contribute more to development debates by providing innovative concepts, measures and policy analyses that focus on the instrumental value of these issues for development.

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[18] *Human Development Report 2001*, p. 9.

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