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Measuring human development

Conference : Getting the measure *Baukultur* – pour un espace de vie de qualité
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Parallel session 3: Systematising quality

Too much and too long, we seem to have surrendered community excellence and community values in the mere accumulation of material things. Our gross national product ... if we should judge America by that – counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for those who break them. It counts the destruction of our redwoods and the loss of our natural wonder in chaotic sprawl. It counts napalm and the cost of a nuclear warhead, and armoured cars for police who fight riots in our streets. It counts Whitman's rifle and Speck's knife, and the television programmes which glorify violence in order to sell toys to our children.

Yet the gross national product does not allow for the health of our children, the quality of their education, or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages; the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage; neither our wisdom nor our learning; neither our compassion nor our devotion to our country; it measures everything, in short, except that which makes life worthwhile. And it tells us everything about America except why we are proud that we are Americans.

Senator Robert Kennedy, 1968

Introduction

The question as to whether life is getting better – whether humanity is developing – has engaged thinkers since the ancient Greeks. For the latter half of the 20th century there was “an implicit assumption that economic growth was synonymous with progress: an assumption that a growing gross domestic product meant life must be getting better. But now the world recognizes that it isn't quite as simple as that” (OECD 2007).

This is not the time to critique the shortcomings of GDP as a measure of progress (for a detailed discussion see, for example, Stiglitz et al. 2009). However, it is important to state at the outset that GDP was never designed to be used in this way. Indeed, Simon Kuznets, one of the fathers of the system of national accounts, showed remarkable prescience in identifying the potential for GDP to be misused as a yardstick for national progress, particularly by those who did not fully understand it. In 1934, he wrote that “the welfare of a nation can scarcely be inferred from a measurement of national income.”

Given Kuznets' warnings, it would be a fascinating piece of economic history to trace the ascendancy of GDP as a yardstick to a point of such dominance that it prompted Bobby Kennedy to make his eloquent speech criticising its application to national development (quoted above) in 1968. But whatever the reason, it seems that the very existence of metrics such as GDP can result in their taking on an importance greater than originally intended. “What we measure affects what we do,” writes Joseph Stiglitz. “If we have the wrong metrics, we will strive for the wrong things. In the quest to increase GDP, we may end up with a society in which most citizens have become worse off” (Stiglitz et al. 2009).

If one accepts Stiglitz's argument, then it is important to offer alternative measures to GDP. We must offer an alternative measure (or set of measures) of progress precisely in order to ensure we strive for the right

1 The views in this paper reflect those of the author and do not necessarily represent the United Nations Development Programme, the Human Development Report Office or any other organisation, agency or programme of the United Nations.

things. Indeed this belief has driven much of the work of the past 30 years or more on measuring progress. It was implicit in the Human Development Report.

Human development

In the 1970s and '80s, development economists debated using alternative focuses to go beyond GDP, including putting greater emphasis on employment, followed by redistribution with growth, and then whether people had their basic needs met. These ideas paved the way for the United Nations Development Programme's (UNDP) first Human Development Report which, in 1990, introduced a new approach for advancing human wellbeing. "This Report is about people — and about how development enlarges their choices. It is about more than GNP growth, more than income and wealth and more than producing commodities and accumulating capital. A person's access to income may be one of the choices, but it is not the sum total of human endeavour." (UNDP, 1990).

Human development – or the human development approach – is about expanding the richness of human life, rather than simply the richness of the economy in which human beings live. It is an approach that is focused on people and their opportunities and choices.

People: human development focuses on improving the lives people lead rather than assuming that economic growth will lead, automatically, to greater wellbeing for all. Income growth is seen as a means to development, rather than an end in itself.

Opportunities: human development is about giving people more freedom to live lives they value. In effect this means developing people's abilities and giving them a chance to use them. For example, educating a girl would build her skills, but it is of little use if she is denied access to jobs, or does not have the right skills for the local labour market. Three foundations for human development are to live a long, healthy and creative life, to be knowledgeable, and to have access to resources needed for a decent standard of living. Many other things are important too, especially in helping to create the right conditions for human development, and some of these are in the table below. Once the basics of human development are achieved, they open up opportunities for progress in other aspects of life.

Choice: human development is, fundamentally, about more choice. It is about providing people with opportunities, not insisting that they make use of them. No one can guarantee human happiness, and the choices people make are their own concern. The process of development – human development – should at least create an environment for people, individually and collectively, to develop to their full potential and to have a reasonable chance of leading productive and creative lives that they value.

Source: UNDP, 2019

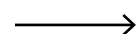
Human development is anchored in the Nobel laureate Amartya Sen's work on human capabilities, often framed in terms of whether people are able to "be" and "do" desirable things in life. Examples include:

- *Beings:* well fed, sheltered, healthy
- *Doings:* work, education, voting, participating in community life.

These beings and doings are also – in the human development lexicon – referred to as *functionings*. Sen described five broad categories of functionings: political freedoms, economic facilities, social opportunities, transparency guarantees and protective security.

Sen also developed the notion of *capabilities*, broadly defined as freedoms to "lead the kinds of lives we have reason to value," which are people's opportunities to achieve desirable functionings (Sen 1999).

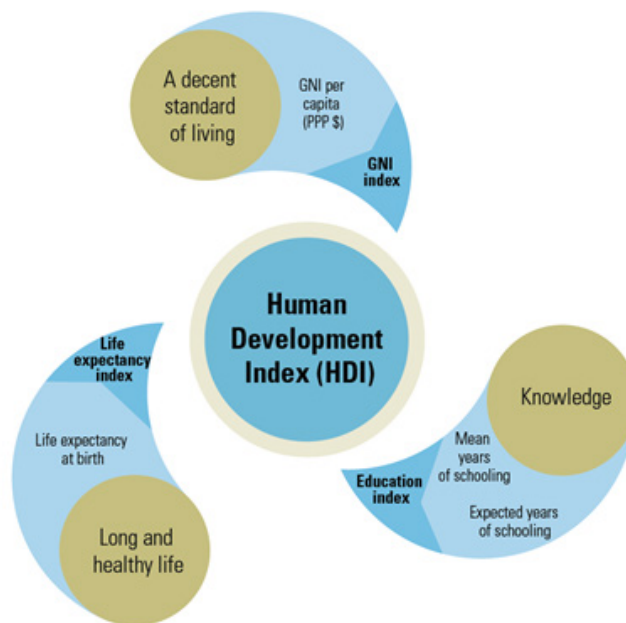
Some functionings compete for resources against one another (one works more and has less leisure time) and so the human development approach sees that each person chooses a set of functionings (a life path) from among those they are capable of achieving given the capabilities they possess. For instance, people



may be able to exercise the freedom to travel the world and have the skills. This ability to choose from different functionings is an integral part of the human development approach. Freedom of choice is central to the approach: someone choosing to be hungry (during a religious fast for example) is quite different to someone who is hungry because they cannot afford to buy food.

The Human Development Index

The definition of human development is flexible and open-ended and there are as many dimensions of human development as there are ways of enlarging people's choices. But applying the approach generally requires one to identify things that matter to a particular community at a point in time and the Human Development Reports, since the first in 1990, have published the Human Development Index (HDI) as a measure of human development.

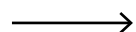


This crude measure of human development remains a simple unweighted average of a nation's longevity, education and income and is widely accepted in development discourse.

The authors of the reports have always recognised, however, that the concept of human development is much broader than the HDI. It is impossible to come up with a comprehensive measure, or even a comprehensive set of indicators, because many vital dimensions of human development are non-quantifiable.

That said, some core dimensions of human development include:

- Education, health and command over resources (income and nutrition).
- Participation and freedom: particularly empowerment; democratic governance; gender equality; civil and political rights; and cultural liberty; particularly for marginalised groups.
- Human security: security in daily life against such chronic threats as hunger and abrupt disruptions including joblessness, famine, conflict, crime, etc.



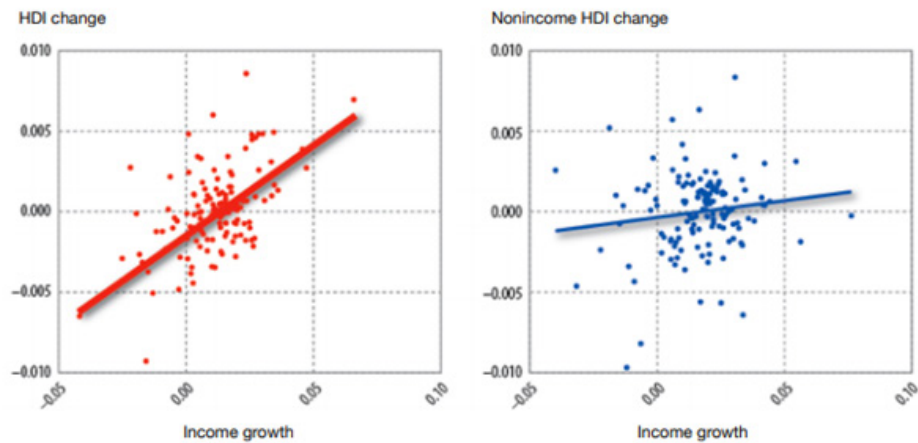
- Equity: in the distribution of all of the above.
- Sustainability: for future generations in ecological, economic and social terms.

The HDI's impact

Though it may be a crude measure that missed many aspects of human development, such as equity and sustainable development, the HDI does recognise the multifaceted nature of human wellbeing by going beyond income alone. Indeed the index has helped transform the debate about development by demonstrating that while economic growth may foreshadow progress in health and education, this is not guaranteed. Moreover, a number of countries have seen relatively weak economic growth in recent years but enjoyed strong progress in health and education, as the figure from the 2010 Human Development Report shows below.

Weak relationship between economic growth and changes in health and education

Relationship between economic growth and the HDI and its non-income components, 1970-2010



Note: Based on the analysis of deviation from fit (see *Human Development Report 2010*, box 2.1.) Income is per capita GDP. Thicker regression line indicates relationship is statistically significant.

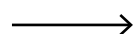
Source: UNDP, *Human Development Report 2010*, figure 3.1. (HDRO calculations using data from the HDRO database)

The left panel shows a positive association – though with substantial variation – suggesting that growth and improvements in human development are positively associated. Remember, however, that income is part of the HDI; thus, by construction, a third of the changes in the HDI come from economic growth, guaranteeing a positive association. A more useful exercise is to compare income growth with changes in the non-income dimensions of human development. The 2010 HDR did this using an index similar to the HDI but calculated with only the health and education component indicators of the HDI to compare its changes with economic growth. The non-income HDI is presented in the right panel of the figure below. The correlation is remarkably weak and statistically insignificant.

Human development and *Baukultur*: a place for human happiness?

The HDI does not tell us anything about several important aspects of human development. It says nothing about the distribution of health, education and income. Perhaps even more importantly, it tells us nothing about how sustainable a country's development path is: how much CO₂ is being generated or are natural ecosystems being destroyed?

Nor does the HDI tell us anything directly about *Baukultur* (whether the built environment is a desirable one to live in). This may be a difficult concept to measure using "objective" data, but subjective measures of happiness can shed light on this: questions asking residents how satisfied they are with their town, their



housing, aspects of social and community life would all be relevant to better understanding *Baukultur*. Looking at the human condition through different lenses can provide alternate, but complementary, pictures of – and improvements to – human lives.

In Chapter 8 of the 2013 World Happiness Report, I argued that one of the insights that subjective data can bring to many aspects of life is the ability to compare people’s perceptions with the objective evidence (Helliwell et al 2013). As an aside, some would argue that the term “objective evidence” is often misleading as such data are often partly subjective and gathered from self-reported data collected through personal or household surveys. Consider, for instance the unemployment rate, which is officially calculated by asking people whether they were “actively looking for work” and those who answer “no” are not treated as unemployed. Interpretations of both “actively” and “looking” are inherently subjective: is a weekly scan of the situation vacant adverts as active as sending off a dozen resumes to prospective employers?

In any case, it is usually people’s own perceptions of the state of the world, rather than other’s measurements – or perceptions – of the “facts” that drive individual behaviour. And so contrasting the objective data with perceptions is often necessary for understanding the nature of a problem and the ways in which it should be tackled. Crime is a good example. Consider, for instance, two communities with identical crime rates. But in one people are terrified to leave their homes, and in the other people don’t bother to lock their doors. Different strategies are required in each to improve wellbeing: crime should be tackled in both, but in the former community citizens might need to be encouraged to be less fearful. In the latter they might be encouraged to take more appropriate precautions. And both behavioural changes could also help to reduce crime rates.

And so it is that data on subjective wellbeing can help answer important questions about *Baukultur* and human development, while data on human development and aspects of *Baukultur* can help us to understand differences in life evaluations.

The two areas are importantly connected in two ways.

First, *Baukultur* has a place for happiness: a city that is becoming unhappier is not making progress against at least one important criterion.

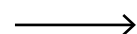
Second, there is very considerable overlap between the determinants of happiness and the goals of human development and *Baukultur*.

Human development and *Baukultur* are, at heart, conceptual approaches. And while increases in them are – by definition – desirable, the broadness of the concept means it is not possible to measure completely the extent of development in either.

That said, while one can measure changes in subjective wellbeing across a population, one cannot, with certainty, claim that an increase is always desirable. The disciplines therefore offer alternative views of development which, when taken together, could complement each other. Using the lenses and metrics of human development and *Baukultur* can help assess whether genuine progress has occurred if subjective wellbeing has increased. Using the subjective wellbeing lens and metrics can help assess whether progress has indeed occurred if the (partial) metrics of human development and *Baukultur* suggest it has.

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