

# The measurement of economic development

[Economics](#)



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Many countries of the world are still in the process of striving in order to achieve a reasonable economic growth and development. Some economies are poor while others are already developed majority of the worlds economies fall under the title of less developed countries or LDC s. There has been a big gap between the rich and the poor countries . This gap has been increasing year after year despite the fact that improvements have been reported in many countries.

Economic development can be measured in different ways which include: the GNP approach where a countries gross national product (GNP) is studied over a given period of time, GNP per capita where the ratio between a nations output and the population size are monitored. The economic welfare approach can also be used to measure economic development whereby increased consumption of goods and services is taken to mean economic development. The last but not least is the use of social indicators to measure economic development. Africa has been worst hit by poor economic growth and development.

This paper therefore explains the measurement of economic development by use of social indicators. It narrows its scope to a nation that drew attention of the world following post election violence, which is Kenya. (Baster N, 1972, pp. 4-8) Economists came up with a method of measuring economic development by use of social indicators. This is because social indicators give a clear picture of the quality of life that citizens of a particular nation live. These indicators vary depending on the economists view points and as a result two indices are used in measurement.

(Bonita R, 2006, pp. 32) The first index was developed by Morris D Morris. This is the physical quality of life index (PQLI). It uses three indicators which include life expectancy, infant mortality and level of literacy (Gupta A, Jain T, Malhotra A, 1993, pp. 13). According to this index the higher the life expectancy the higher the economic development. Longer life is attributed to individuals ability to acquire basics of life and economic development will mean that many people, if not all, are in a position to access these basic needs.

Such ability is directly translated to higher life expectancy . In the late 1990s, the central bureau of statistics report on Kenyans economy indicated that the country's economic growth was experiencing a negative growth rate, This drew a lot of concern and the report indicated that the life expectancy at this time was ranging between 45 and 47 years. High infant mortality rate is also attributed to poor economic growth and development. During this period of time , many children who fall under the age of 5 years were reported to die as a result of diseases and malnutrition .

Many people could not access health facilities and as a result controlling diseases was a major problem . Among those diseases that claimed many of these children's lives was malaria. Poor nutrition made the problem even worse . One of the major challenges that this country faced since the time it got its independence was high level of illiteracy. High level of illiteracy is usually associated with poor economic development. The number of schools was initially very few and the student teacher ratio was very high.

There was poor quality of education in the early 80s and this trend continued as a result of increased cost of living . As the country's economic growth

continued to increase the level of illiteracy reduced but this was less than expected(<http://www.worldbank.org/afr/findings/english/find55.htm> ) The second index is the Human development index (HDI). This is based on United Nations development program methodology where three indicators are considered. These are longevity, knowledge and income levels of the masses.

Under this index, a country is said to be developed if its citizen's life expectancy is high. The level of knowledge should also be high following people's accessibility to quality education. The people's income should be high enough to meet the demand for basic human needs. In relation to this index, Kenya doesn't meet any of these . Many Kenyans are reported to live belowpovertylevel. High level of poverty and illiteracy may be the reasons why the country experienced violence earlier this year. Many youth have despaired and as a result they have turned to criminal activities.

Though the government had reported an economic growth rate of seven percent in its previous financial year, it was not translated to improvement of the welfare of the people, on the contrary, poverty was reported to increase (Gupta A, Jain T, Malhotra A, 1993, pp . 16) It should be noted that those parts of this country where poverty is high were the worst hit by the skirmishes. It is true that an economy can grow without development. In most cases when a country reports an increment in GNP, people believe that this will automatically lead to economic development, however this is not the case.

It is wrong to claim that there is an economic development in any country whereas the impact is not felt at the grass root level. It is however not clear  
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which among these indices is the correct and the most accurate to use. Looking at the economic development of a given country by assessing these social indicators may not lead to accurate information. This question cannot be answered satisfactorily since there are very many social indicators that have been left out. For instance, security level in a country which is an important ingredient in fostering economic development has been singled out.

The combination of the indicators is also undefined. Many people tend to use value judgment on the issue of social indicators and this does not clearly differentiate a developed economy from a less developed economy using social indicators. Question 2 Less developed countries face a lot of problems. These include economic problems, social problems and political problems among others. Kenya is not an exception since it falls under this category of LDC s. It is not true to say that there are too few resources in this country that it cannot sustain itself.

Even though resources are scarce Kenya has not fully employed its resources to achieve higher economic development as it is expected. Just like many other LDC'S Kenya lacks the technological know-how that can enable it to utilize these resources. This is as a result of high levels of illiteracy. In most cases, this country imports personnel from developed countries in order to ensure proper allocation and management of resources. The education is also not tailored to meet the needs of the country and as a result, there always arises a great efficiency of personnel who can properly utilize the available resources in production.

Increased poverty level has led most resources to be directed to humanitarian activities. As a result the country cannot raise enough capital to employ its resources to full capacity. There is always a deficit in its budget and the only way out whenever this situation arises is sourcing funds from donors and development partners. These funds have been reported to land in the wrong hands following the high level of corruption in this country. Embezzlement of funds has been the order of the day and major corruption cases like the agoleasing have made the country to lose billions of money ([http://www.](http://www.worldbank.org/afr/findings/english/find55.htm)

[worldbank.org/afr/findings/english/find55.htm](http://www.worldbank.org/afr/findings/english/find55.htm) ) This country also faces major challenges in marketing its products. Poor infrastructure and lack of market especially within the domestic market are major challenges. Many people are still struggling with their lives as a result of high level of poverty. As a result the domestically produced goods become too expensive for them to purchase. This has even been worsened by increased cost of production and high inflation rate (<http://www.kbc.co.ke/story.asp?ID=49012> ) Resource allocation and distribution have been highly controlled by few political elites.

They possess the power and authority and use this as a weapon to enrich themselves while the poor continues to suffer. If there was equity and equity in allocation of resources, the country would even move to higher levels of economic growth and development. On the contrary, the resources are either under utilized, misused or even awaiting to be discovered. Evidence that this country's resources are under utilized can be cited as that of high

levels of unemployment in the country. Qualified people are living desperate lives as a result of lack of job opportunities.

This means that this country cannot fully utilize its human resources; on the other hand, this country receives relief food from donors even when the rain is sufficient to support agricultural activities in which the country highly depends on. This indicates that the country cannot provide sufficient food for its citizens. Thousands of hectares of land are reported to be idle and yet people are starving. The country is always importing goods that it can locally produce simply because its output cannot meet the demand of such goods.

For this question, answers can easily be obtained since it only takes an individual some few days to see for himself or herself how the major sectors of the economy concerned are fairing. Looking at the transport and communication sector, agricultural sector and trade especially that which involves a less developed country and the rest of the world tells a lot about utilization of a country's resources. These questions are important especially at this time when cases of the human suffering are being reported by the mass media all over the world each and every single day.

This has been attributed to increased inequality which has created a wide gap not only between people of a particular nation but also different economies all over the world. The question of poverty has been raised day after day and people are constantly looking for solution without much success. The poor have lacked basic human needs while few people use them to enrich themselves ( <http://www.ipar.or.ke/poverty.pdf> ) This has resulted to political instability in many CDC's. Kenya is a good example where steady economic growth has been reported over the last five years.

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The poor have continued to suffer and slums are increasing day after day. In the effort to seek for a change people went through an election that was flawed and this led to blood shed. Kenya represented an island of hope in a vast sea of political instability in Africa and this is what drew my attention to focus on this particular state in Africa. These questions of economic development and poor utilization of resources can bring about solutions to such problems if well unanswered with respect to the country in question.

It should be noted that economic development can never be achieved if resources are not properly distributed and utilized in a manner that will benefit the entire society. In order to reduce the poverty in the country the government of Kenya embarked on implementing strategies which included the following; introduction of youth development fund and women enterprise fund in order to promote entrepreneurship in the country, provision of incentives to farmers in order to lower the cost of producing farm produce in which the country highly relies upon.

Improvement of infrastructural facilities is also part of the governments plan to lower the cost of production and as a result the prices of goods are expected to reduce thus improving the people's welfare. Free medical facilities to both children who are under five year of age as well as victims of HIV/AIDS is also part of the government's plan to reduce poverty in the country. It should however be observed that the government faces a major challenge in provision of these public goods especially at this time when free primary and secondary education have been introduced.

The post election violence has led to a lot of negative externalities on the country's key economic sectors and the impact is expected to be felt even in



the few years to come if proper action is not put in place. There is an urgent need to ensure all resources are fairly allocated and distributed if this country expects to recover from its poor economic growth and development (<http://www.worldbank.org/afr/findings/english/find55.htm> )

#### Works cited

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