

Human development index critique essay

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Introduction: The Human Development Index (HDI) is a composite statistic used to rank countries by level of "human development" and separate "very high human development", "high human development", "medium human development", and "low human development" countries. The Human Development Index (HDI) is a comparative measure of life expectancy, literacy, education and standards of living for countries worldwide.

It is a standard means of measuring well-being, especially child welfare. It is used to distinguish whether the country is a developed, a developing or an under-developed country, and also to measure the impact of economic policies on quality of life. There are also HDI for states, cities, villages, etc. by local organizations or companies. Background: The origins of the HDI are found in the annual Human Development Reports of the United Nations Development Programme (UNDP).

These were devised and launched by Pakistani economist Mahbub ul Haq in 1990 and had the explicit purpose "to shift the focus of development economics from national income accounting to people centered policies". To produce the Human Development Reports, Mahbub ul Haq brought together a group of well-known development economists including: Paul Streeten, Frances Stewart, Gustav Ranis, Keith Griffin, Sudhir Anand and Meghnad Desai. But it was Nobel laureate Amartya Sen's work on capabilities and functionings that provided the underlying conceptual framework.

Haq was sure that a simple composite measure of human development was needed in order to convince the public, academics, and policy-makers that they can and should evaluate development not only by economic advances

but also improvements in human well-being. Sen initially opposed this idea, but he went on to help Haq develop the Human Development Index (HDI). Sen was worried that it was difficult to capture the full complexity of human capabilities in a single index but Haq persuaded him that only a single number would shift the attention of policy-makers from concentration on economic to human well-being.

Data collection: Life expectancy at birth is provided by the UN Department of Economic and Social Affairs; mean years of schooling by Barro and Lee (2010); expected years of schooling by the UNESCO Institute for Statistics; and GNI per capita by the World Bank and the International Monetary Fund. For few countries, mean years of schooling are estimated from nationally representative household surveys. Many data gaps still exist in even some very basic areas of human development indicators.

While actively advocating for the improvement of human development data, as a principle and for practical reasons, the Human Development Report Office does not collect data directly from countries or make estimates to fill these data gaps in the Report. Dimensions and calculation: Published on 4 November 2010, starting with the 2010 Human Development Report the HDI combines three dimensions: 1. A long and healthy life: Life expectancy at birth 2. Access to knowledge: Mean years of schooling and Expected years of schooling 3.

A decent standard of living: GNI per capita (PPP US\$) The HDI combined three dimensions up until its 2010 report: 1. Life expectancy at birth, as an index of population health and longevity 2. Knowledge and education, as

measured by the adult literacy rate (with two-thirds weighting) and the combined primary, secondary, and tertiary gross enrollment ratio (with one-third weighting). 3. Standard of living, as indicated by the natural logarithm of gross domestic product per capita at purchasing power parity. New methodology for 2010 data onwards:

In its 2010 Human Development Report the UNDP began using a new method of calculating the HDI. The following three indices are used: LE₆₅₊

1. Life Expectancy Index (LEI) = $\frac{LE_{65+} - 53}{87 - 53}$ 2. Education Index (EI) = $\frac{0.951 \ln(GNI_{pc}) - \ln(163)}{2.11 - \ln(163)}$ 3. Income Index (II) = $\frac{\ln(GNI_{pc}) - \ln(163)}{2.11 - \ln(163)}$

Finally, the HDI is the geometric mean of the previous three normalized

indices: $HDI = \sqrt[3]{LEI \cdot EI \cdot II}$ 2010 report: The 2010 Human Development

Report by the United Nations Development Program was released on

November 4, 2010, and calculates HDI values based on estimates for 2010.

Criticisms:

The Human Development Index has been criticised on a number of grounds, including failure to include any ecological considerations, focusing exclusively on national performance and ranking (although many national Human Development Reports, looking at subnational performance, have been published by UNDP and others—so this last claim is untrue), not paying much attention to development from a global perspective and based on grounds of measurement error of the underlying statistics and formula changes by the UNDP which can lead to severe misclassifications of countries in the categories of being a 'low', 'medium', 'high' or 'very high' human development country. Other authors claimed that the Human Development Reports " have lost touch with their original vision and the index fails to capture the essence

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of the world it seeks to portray". The index has also been criticized as "redundant" and a "reinvention of the wheel", measuring aspects of development that have already been exhaustively studied. The index has further been criticised for having an inappropriate treatment of income, lacking year-to-year comparability, and assessing development differently in different groups of countries.

Economist Bryan Caplan has criticised the way HDI scores are produced; each of the three components are bounded between zero and one. As a result of that, rich countries effectively cannot improve their rating (and thus their ranking relative to other countries) in certain categories, even though there is a lot of scope for economic growth and longevity left. " This effectively means that a country of immortals with infinite per-capita GDP would get a score of .66 (lower than South Africa and Tajikistan) if its population were illiterate and never went to school. " He argues, " Scandinavia comes out on top according to the HDI because the HDI is basically a measure of how Scandinavian your country is. " Economists Hendrik Wolff, Howard Chong and Maximilian Auffhammer discuss the HDI from the perspective of data error in the underlying health, education and income statistics used to construct the HDI. 18] They identify three sources of data error which are due to (i) data updating, (ii) formula revisions and (iii) thresholds to classify a country's development status and find that 11%, 21% and 34% of all countries can be interpreted as currently misclassified in the development bins due to the three sources of data error, respectively.

The authors suggest that the United Nations should discontinue the practice of classifying countries into development bins because the cut-off values

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seem arbitrary, can provide incentives for strategic behavior in reporting official statistics, and have the potential to misguide politicians, investors, charity donators and the public at large which use the HDI. In 2010 the UNDP reacted to the criticism and updated the thresholds to classify nations as low, medium and high human development countries.

In a comment to *The Economist* in early January 2011, the Human Development Report Office responded[24] to a January 6, 2011 article in *The Economist* which discusses the Wolff et al. paper. The Human Development Report Office states that they undertook a systematic revision of the methods used for the calculation of the HDI and that the new methodology directly addresses the critique by Wolff et al. in that it generates a system for continuous updating of the human development categories whenever formula or data revisions take place.

The following are common criticisms directed at the HDI: that it is a redundant measure that adds little to the value of the individual measures composing it; that it is a means to provide legitimacy to arbitrary weightings of a few aspects of social development; that it is a number producing a relative ranking which is useless for inter-temporal comparisons, and difficult to compare a country's progress or regression since the HDI for a country in a given year depends on the levels of, say, life expectancy or GDP per capita of other countries in that year.

However, each year, UN member states are listed and ranked according to the computed HDI. If high, the rank in the list can be easily used as a means of national aggrandizement; alternatively, if low, it can be used to highlight

national insufficiencies. Using the HDI as an absolute index of social welfare, some authors have used panel HDI data to measure the impact of economic policies on quality of life. Ratan Lal Basu criticises the HDI concept from a completely different angle.

According to him the Amartya Sen-Mahbub ul Haq concept of HDI considers that provision of material amenities alone would bring about Human Development, but Basu opines that Human Development in the true sense should embrace both material and moral development. According to him human development based on HDI alone, is similar to dairy farm economics to improve dairy farm output. To quote: ‘ So human development effort should not end up in amelioration of material deprivations alone: it must undertake to bring about spiritual and moral development to assist the biped to become truly human. [31] For example, a highsuiciderate would bring the index down. A few authors have proposed alternative indices to address some of the index's shortcomings. However, of those proposed alternatives to the HDI, few have produced alternatives covering so many countries, and that no development index (other than, perhaps, Gross Domestic Product per capita) has been used so extensively—or effectively, in discussions and developmental planning as the HDI.

However, there has been one lament about the HDI that has resulted in an alternative index: David Hastings, of the United Nations Economic and Social Commission for Asia and the Pacific published a report geographically extending the HDI to 230+ economies, whereas the UNDP HDI for 2009 enumerates 182 economies and coverage for the 2010 HDI dropped to 169 countries

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