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## The Purpose of Development

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# COMMENT

## THE PURPOSE OF DEVELOPMENT

*Kamal Malhotra\**

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### I. DEFINING HUMAN DEVELOPMENT

People are the real wealth of nations, and the main goal of development is to create an enabling environment for people to enjoy long, healthy, creative lives. This may appear to be a simple truth. But for too long, development efforts have focused on creating financial wealth and improving material well-being. Forgotten in such pursuits is that development is about people. The preoccupation with economic growth has pushed people to the periphery of development discussions.

The first *Human Development Report*, published by the United Nations Development Programme (UNDP) in 1990,<sup>1</sup> tried to reverse that trend. With its concept of human development, construction of a measure for it, and discussion of the policy implications, the report changed how the world looked at development.

People constantly make choices—economic, social, political, cultural. In principle, human 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.

Human development is defined simply as a process of enlarging these and other choices. The ultimate aim of development is not or should not be to create more wealth or achieve higher economic growth. It is or should be to expand the range of choices for every human being.

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\* Paper and presentation by Kamal Malhotra, Senior Adviser, Inclusive Globalization, Bureau for Development Policy, United Nations Development Programme, New York, at the “Globalization, Law, and Development” conference at the University of Michigan, Ann Arbor, April 16–18, 2004. I would like to thank my current and past colleagues at UNDP’s Human Development Report Office, especially Selim Jahan, previously Deputy Director of that office, for their valuable contributions. I would also like to thank Ama Marston for her assistance in providing editorial and other assistance for this paper. The views expressed, however, are my own and do not necessarily represent UNDP policy.

1. See UNDP, HUMAN DEVELOPMENT REPORT 1990 (1990).

Thus, human development is concerned with enlarging choices and enhancing their outcomes—and with advancing basic human freedoms and rights.

Enlarging human choices is critically linked to two issues—functionings and capabilities on the one hand, and opportunities on the other. The functioning of a person refers to the valuable things a person can do or be, such as being well-nourished, living a long and high-quality life, and actively taking part in community activities which benefit other people.

The capability of a person refers to the different combinations of functionings a person can achieve; it reflects the freedom to achieve functionings. Enlarging peoples' choices implies formation or enhancement of existing capabilities. Human capabilities can, for example, be enhanced through human resource development, e.g., through the provisioning and achievement of good health and nutrition, education, and skill training.

But capabilities cannot be used unless opportunities exist for the use of those capabilities, e.g., for leisure, productive purposes or social, political, and cultural activities. Economic opportunities can be created through better access to productive resources including credit and employment while political opportunities need democratic space and other civil liberties.

Human development thus represents an equation, the left-hand side of which reflects human capabilities and the right-hand side economic, political, and social opportunities to use those capabilities.<sup>2</sup>

Defined in this manner, human development is a simple notion with far-reaching implications and consequences:

- People's choices are enlarged if they acquire more capabilities and have more opportunities to use them.
- Choices are important for current as well as future generations. For human development to be sustainable, today's generation must enlarge its choices without reducing those of future generations.
- Though important, economic growth is merely one means to development—not the ultimate goal. Higher income can make an important contribution but only if it improves people's lives. And income growth is not an end in itself. Development must be focused on people, and economic growth must be equitable if its benefits are to be felt in people's lives.

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2. *Id.*

- Gender equality is at the core of human development. A development process that bypasses women, marginalizes half of humanity—or discriminates against it—thereby constrains women's choices.
- By focusing on choices, the human development concept implies that people must participate in the processes that shape their lives. They must help design and implement decisions and monitor their outcomes.

Human security is distinct from but contributes to human development.<sup>3</sup> Security means safety from chronic hunger, disease, and repression. It also means protection from sudden, harmful disruptions in the patterns of daily life. In an economic context, it protects people from threats to their incomes, food security, and livelihoods:

Economic growth is necessary but insufficient for human development. And the quality of growth, not just its quantity, is crucial for human well-being. Growth can be jobless, rather than job creating; ruthless, rather than poverty reducing; voiceless, rather than participatory; rootless, rather than culturally enshrined; and futureless, rather than environmentally friendly. Growth that is jobless, ruthless, voiceless, rootless and futureless is not conducive to human development.<sup>4</sup>

## II. HUMAN POVERTY

If income is not the sum total of human development, then lack of it cannot be the sum total of human deprivation. So, from a human development perspective, poverty is also multidimensional. Beyond lack of income, people can be deprived if they lead short and unhealthy lives, are illiterate, feel personal insecurity, or are not allowed to participate in government.

Thus, human poverty is larger than income poverty. Human poverty is more than just a state: it is a process. People living in poverty deploy whatever assets they have to cope with it. A dynamic phenomenon reproduced over time and across generations, poverty is also the result of structural inequalities and discrimination—based on class, race, gender, and other characteristics—within and between countries.

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3. UNDP, HUMAN DEVELOPMENT REPORT 1994 22 (1994).

4. UNDP, MAKING GLOBAL TRADE WORK FOR PEOPLE 23 (2003).

### III. HUMAN DEVELOPMENT: RECENTLY NEGLECTED DESPITE A LONG HISTORY

Looking at development through a human development lens is not new. The idea that social arrangements must be judged by how much they promote human goods dates back to, at least Aristotle, who said: “[W]ealth is not the Good we are in search of, for it is only good in being useful, a means to something.” He argued for seeing the “difference between a good political arrangement and a bad one” in its successes and failures in facilitating people’s ability to lead “flourishing lives.”<sup>5</sup> Viewing people as the real end of all activities was a recurring theme in the writings of most early philosophers. The same concern can be found in the writings of the early leaders on quantification in economics: William Petty, Gregory King, Francois Quesnay, Antoine Lavoisier, and Joseph Lagrange, the grandparent of the concepts of gross national product (GNP) and gross domestic product (GDP). It is also clear in the writings of the leading political economists: Adam Smith, David Ricardo, Robert Malthus, Karl Marx, and John Stuart Mill.

The human development concept is an extension of that long tradition and is broader than other people-oriented approaches to development. The human resource approach emphasizes human capital and treats human beings as inputs into the production process, not as its beneficiaries. The basic needs approach focuses on people’s minimum requirements, not their choices. The human welfare approach looks at people as recipients, not as active participants in the processes that shape their lives.

Human development treats people as the subject of development, not the object. It is both distinct from and more holistic than other approaches to development. Development of the people builds human capabilities. Development for the people translates the benefits of growth into people’s lives. And development by the people emphasizes that people must actively participate in the processes that shape their lives.

### IV. MEASURING HUMAN DEVELOPMENT

As a holistic concept, human development is broader than any of its measures, such as the human development index. It cannot fully capture the richness and breadth of the concept. Nevertheless, as earlier stated, three essential choices are those that allow people to lead long and healthy lives, to acquire knowledge, and to have access to resources for a decent standard of living. The human development index (HDI) meas-

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5. ARISTOTLE, *THE NICOMACHEAN ETHICS*, Book I v. 8 (1982).

ures these three basic dimensions of human development. Though not comprehensive, it is better than other economic measures—such as per capita income—in assessing human well-being.

HDI contains four variables—life expectancy at birth to represent the dimension of a long and healthy life; adult literacy rate and combined enrollment ratio at primary, secondary, and tertiary levels to represent the knowledge dimension; and real GDP per capita to serve as a proxy for the resources needed for a decent standard of living.

A number of observations are relevant to an informed analysis about HDI. First, as already stated, HDI is not a comprehensive measure of human development. It merely focuses on the basic dimensions of human development and does not take into account a number of other important dimensions.

Second, it is composed of long-term human development outcomes. It does not, therefore, reflect the input efforts in terms of policies nor can it measure short-term human development achievements.

Third, it is an average measure and thus masks a series of disparities and inequalities within countries. Disaggregation of HDI in terms of gender, regions, race, and ethnic groups can unmask HDI.

Fourth, income enters into HDI not in its own right but as a proxy for resources needed to have a decent standard of living.

All the quantitative information about human development and its various indicators constitutes what may be termed *human development accounting*. This accounting has both a *focus* and *breadth* dimension. HDI, concentrating only on the basic dimensions of human development, represents the focus aspect of the accounting. All the data and quantitative information on various human development indicators represent the breadth dimension of the accounting.

HDI thus has limited scope. It cannot provide a complete picture of human development in any situation. It has to be supplemented with other useful indicators in order to get a comprehensive view of human development. It is *human development accounting*, rather than HDI, which is more capable of portraying the complete picture. Yet, HDI has its strengths. While it may be viewed as crude, just like GNP or GDP per capita clearly are, it is not as blind as GNP or GDP per capita to broader issues of human well-being.

## V. CONCLUSION

The objectives of human development were recently codified in the Millennium Development Goals.<sup>6</sup> The goals set numerical, time-bound targets for advancing human development in developing countries, including halving extreme income poverty and hunger, achieving universal primary education and gender equality in primary education, reducing under-five mortality by two-thirds and maternal mortality by three-quarters, reversing the spread of HIV/AIDS and other major diseases, and halving the portion of people without access to safe water. These targets are to be achieved by 2015, with reductions based on 1990 levels.

As a result, human development, while not a new concept, is an important one that has been placed at the core of ambitious UN development programs such as the Millennium Development Goals. This approach is important in that it places people at the heart of development, allowing expansion of human capabilities and opportunities while emphasizing that people must actively participate in the processes that shape their lives. While important for all people, this is of particular importance for women worldwide, who have traditionally had less access to opportunities and have often been excluded from defining development for themselves and their communities.

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6. G.A. Res. 55/2, U.N. GAOR, 55th Sess., at 1, U.N. Doc. A/55/L2 (2000).