



“Summary of article by Mahbub ul Haq: The Human Development Paradigm” in Frontier Issues in Economic Thought, Volume 6: A Survey of Sustainable Development. Island Press: Washington DC, 2001. pp. 58-61

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Within development theory, the “human development paradigm” claims the broadest vision of a people-centered development process in which economic growth serves to enhance the well-being of the majority. Since 1990, the UNDP’s annual *Human Development Report* has developed this vision, elaborated by a team of economists and social scientists headed by the author of this selection, one of the chief architects of the new paradigm.

From growth to human development

Human development is not a new conceptual discovery. The idea that social arrangements, including economic organization, should be judged by the extent to which they promote human good dates back to Aristotle, and continues through Immanuel Kant, Adam Smith, Robert Malthus, Karl Marx, and John Stuart Mill. The belated rediscovery of human development has taught us that “the basic purpose of development is to enlarge people’s choices.” (14)

The human development school distinguishes itself from the economic growth school in that the latter focuses on expanding only one choice – income – while the latter seeks to enlarge all human choices – social, economic, cultural, political. It is sometimes argued that expanding income expands these other areas of choice, but that is not the case for a number of reasons.

First, income may not be evenly distributed, limiting choices to those in poverty. Wealth often does not trickle down. More fundamentally, how a society’s income is used – the national priorities chosen by a society or its rulers -- is just as important as how it is generated. In reality, “there is no automatic link between income and human lives ... yet there has long been an apparent presumption in economic thought that such an automatic link exists.” (14) In addition, wealth may not be necessary at all to fulfill many kinds of human needs, such as democracy, gender equity, and social and cultural support systems.

“The use that people make of their wealth, not the wealth itself, is decisive. And unless societies recognize that their real wealth is their people, an excessive obsession with creating material wealth can obscure the goal of enriching human lives.” (15)

The human development paradigm goes beyond the quantity of economic growth to look at the quality and distribution of such growth, recognizing that only public policy can ensure that economic activity produces the desired societal results. We must not reject growth; it is essential

to alleviating poverty in poor societies. But we must go beyond growth. This leads us to question the existing structure of power in society, with policies that may vary from one country to the next but that share common threads:

1. People move to center stage, with development understood first in terms of its betterment of people's lives.
2. Human capabilities are increased through improved health, knowledge and skills, and people have equitable access to opportunity.
3. Economic growth is seen not as the end goal of development but as the means to improve lives.
4. Political, social and cultural factors get as much attention as economic factors.
5. People are seen as both the means and the ends of development, not regarded narrowly as "human capital" to produce commodities.

Essential components of human development

The four essential elements of human development are: equity, sustainability, productivity, and empowerment.

Equity is needed so development does not restrict the choices of many in society. What is important is equity in opportunity, not necessarily in results. But access to political and economic opportunities must be seen as a basic human right. This can involve fundamental restructuring of power. Productive assets such as land may need to be redistributed, as with a land reform. Fiscal policies may be required to achieve greater income equity. Credit systems may need to be reformed to equalize access to credit for those without formal wealth. Political systems may need democratizing to minimize the excessive control of the wealthy. The rights of women, minorities, or other traditionally excluded group must be guaranteed.

Sustainability involves ensuring that human opportunities endure over generations. This means not just sustaining natural capital but physical, human and financial as well. This should not require preserving every natural resource in its current form. That would be environmental Puritanism. We must preserve the capacity to produce human well-being. And we must not preserve present levels of poverty, which are unsustainable in the long run. Indeed, the wide disparities in lifestyles, with a minority leading high-consumption lives, must cease with a redistribution of income and resources from the rich nations to the poorer ones.

Productivity is where economic growth fits in the human development paradigm. This requires investment, both in physical capital and in human capital. It also requires the maintenance of a macroeconomic environment conducive to fulfilling human needs. Investments in raising people's productivity through education and training is an important and productive investment for society, but it should not be seen as simply a means to achieve growth.

Empowerment includes political democracy, freedom from excessive economic controls and regulations, decentralization of power so people can participate meaningfully, and the involvement of all members of civil society – particularly nongovernmental organizations – in making and implementing decisions. Empowerment takes the human development paradigm beyond the human needs approach by incorporating political, social and cultural rights.

A holistic concept

The human development paradigm is therefore a holistic approach to development that incorporates economic growth as one, but only one, feature. Some people mistakenly assert that human development is anti-growth and concerned only with social development. Economic growth is essential for human development, but it must be properly managed. There are four key ways to create the desirable links between economic growth and human development:

1. Invest in the education, health and skills of the people, an approach adopted by many countries, including China, Hong Kong, Japan, Malaysia, Singapore, Thailand and others.
2. Promote the equitable distribution of income and assets, which can produce human development when initial conditions are favorable and where growth is strong (as in China), where they are unfavorable but correctable through public policy and high growth (as in Malaysia), or where they are unfavorable with low growth, in which case public policies can meet basic needs but cannot sustain them (as in Jamaica).
3. Structure social expenditures to promote human development even in the absence of strong growth or good distribution. These cases – Cuba, Jamaica, Sri Lanka, Zimbabwe – are generally not sustainable unless the economic base eventually expands.
4. Empower people, especially women. This is the best way to ensure that growth will be strong, democratic, participatory and durable.

“It is fair to say that the human development paradigm is the most holistic development model that exists today. It embraces every development issue, including economic growth, social investment, people’s empowerment, provision of basic needs and social safety nets, political and cultural freedoms and all other aspects of people’s lives. It is neither narrowly technocratic nor overly philosophical. It is a practical reflection of life itself.” (23)