

Human development

Reflections on Human Development. By Mahbubul Haq. New York, Oxford University Press, 1995, 253 pp. \$12.95, paper.

In *Reflections on Human Development*, Haq tells the story of what went wrong with development planning and how it began to turn around in recent years. His thesis is that planners devoted too much attention to national income targets and physical capital, and insufficient attention to human capital. "There is no automatic linkage between economic growth and human lives," he says. To underline his points about the misfocus in development economics, Haq begins his book chapters with an apposite quotation from *Alice in Wonderland*.

Recognizing that development planners can only work with data they have, Haq, in the late 1980s, began to push for a new report that would provide more people-centered information for each country. What emerged was the annual *Human Development Report*, which ranks all countries according to a composite Human Development Index (HDI). The key variables are life expectancy, adult literacy, mean years of schooling, and adjusted Gross Domestic Product (GDP) per capita. GDP is adjusted by lopping it off at a certain point on the presumption that there is a sharply diminishing return for higher incomes.

The HDI has become a useful analytical tool because countries with similar national incomes have varying HDI's. Economists can look for differences in government policy that may account for this variance. The use of such indexes as a target may result in improving the standard of living, especially for the poor. Haq is unclear as to whether he thinks that higher HDI's will translate

into higher GDP's in the long run.

The author admits that the HDI could be improved. He discusses some technical criticisms and responds to them. He also explores the idea of a political freedom index. He points out that "A society does not have to be rich to afford democracy."

Haq levels strong criticism at the World Bank and the International Monetary Fund for urging countries to reduce the size of their governments without distinguishing between useful and nonuseful programs. Instead of cutting back on health, education, and skills training, Haq believes that debt-ridden countries should have cut back on business subsidies and military expenditures. He also criticizes the Bank and Fund for not involving United Nations (U.N.) agencies—such as the World Health Organization and the International Labor Organization—in reviews of country performance.

Haq believes that the "quality of government action" is a neglected factor of development. He credits the World Bank for belatedly recognizing this, but believes that more attention is needed to this area. Economists missed this vital point because they concentrated on how projects looked on paper.

Some of the best chapters concern the foggy concept of "sustainable development." The book states that society's goal should be to preserve the capacity to produce a similar level of human well-being in the future, while recognizing that the stock of physical, human, and natural resources will change over time. As Haq explains, "We do not have to leave the natural world in exactly the shape in which we found it."

The book is also very good in pointing to the need for more visionary economic policies. At the national level, countries need to invest resources in poor people. At the international level,

industrial countries should do much more to help the poor countries. Haq suggests that industrial countries with immigration and trade barriers should "compensate" developing countries for these policies. He also suggests the need for global taxes—for example, on non-renewable energy consumption.

Haq is not enamored with the periodic U.N. conferences on population, children, and cities. Instead, he believes that a new U.N. Economic Security Council is needed to give continuous attention to global governance issues. He would like this Council to oversee the Bretton Woods institutions. He would give it a professional secretariat.

Mahbub ul Haq has been an inspiration to many decades of development analysts. His *Reflections on Human Development* are articulate and thoughtful. He urges that we develop "new strategies of sustainable human development that weave development around people, not people around development."

At the end of the book are 10 country tables with various development indicators. The table on "indicators of human progress" includes school enrollment, years of schooling, daily calorie supply, access to safe water, radios, and daily newspapers.

The idea that people are central to development is not a new idea to the Labor Department. For many years, there was a Department of Labor International Technical Assistance Corps that carried out projects in developing countries. The Corps' attention to worker training and other labor market issues ran counter to the development strategies of the 1980s, and the program was discontinued.

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