This chapter outlines the concept and definition of human development as pioneered and popularized by the UNDP global Human Development Reports. It explains how human development is now customarily measured through the human development index (HDI), which is based on four variables covering life expectancy, adult literacy, education enrolment ratios and gross domestic product per capita. Acknowledging that the concept itself is broader than any of its measures, the chapter next considers how, in a larger context, human development includes not only basic choices but also additional choices encompassing human freedoms, human rights and knowledge. Following a discussion of several freedoms instrumental to human well-being, a key suggestion is put forth that an alternative HDI could help to measure these other key variables that vitally influence human development (Box 1.6). The chapter concludes by indicating how subsequent parts of this Report explore, in the Arab context, the larger meaning of human development characterized here.

People are the real wealth of nations. The basic goal of development is to create an environment that enables people to enjoy a long, healthy, creative life. This fundamental truth is often forgotten in the immediate concern with the accumulation of goods and money.

Preoccupation with economic growth and the creation of wealth and material opulence has obscured the fact that development is ultimately about people. It has had the unfortunate effect of pushing people from the centre to the periphery of development debates and dialogues.

The publication of the first Human Development Report (HDR) by the United Nations Development Programme (UNDP) in 1990 was a modest attempt to reverse this trend. With the introduction of the concept of human development, the construction of a composite measure for it and a discussion of the relevant policy implications, the HDR changed the way of looking at development and dealing with the issues it presents.

DEFINING HUMAN DEVELOPMENT

Human development can be simply defined as a process of enlarging choices. Every day human beings make a series of choices – some economic, some social, some political, some cultural. If people are the proper focus of development efforts, then these efforts should be geared to enhancing the range of choices in all areas of human endeavour for every human being. Human development is both a process and an outcome. It is concerned with the process through which choices are enlarged, but it also focuses on the outcomes of enhanced choices.

Human development thus defined represents a simple notion, but one with far-reaching implications. First, human choices are en-

BOX 1.1 The equation of human development

Enlarging human choices is critically linked to two issues: capabilities and functionings on the one hand, and opportunities on the other.

The functionings of a person refer to the valuable things the person can do or be (such as being well-nourished, living a long time and taking part in the community). The capability of a person stands for the different combinations of functionings the person can achieve; it reflects the freedom to achieve functionings. Enlarging choices for a person implies formation or enhancement of capabilities. Human capabilities can be enhanced through the development of human resources: good health and nutrition, education and skill training, etc. However, capabilities cannot be used unless opportunities exist to use them – for leisure, productive purposes or participation in social, political or cultural affairs. Economic opportunities can be created through better access to productive resources, including credit, employment, etc. Political opportunities need polity and other conditions.

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.

Income poverty is only one aspect of human impoverishment; deprivation can also occur in other areas.

**Box 1.2**

**Income, economic growth and human development**

Income is a means – an important one, but not the only one – to human development. Income is not the sum total of human lives. Through various measures, the benefits of income need to be translated into enhancing different aspects of human well-being.

Thus economic growth is a necessary, but not a sufficient, condition for human development. It is the quality of growth, not its quantity alone, which is crucial for human well-being. As the 1996 Human Development Report put it, 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 environment-friendly. Economic growth which is jobless, ruthless, voiceless, rootless and futureless is not conducive to human development.

If income is not the sum total of human lives, the lack of it cannot also be the sum total of human deprivation either. Thus impoverishment, from a human development perspective, is also multidimensional. The lack of income or income poverty is only one aspect of human impoverishment; deprivation can also occur in other areas—having a short and unhealthy life, being illiterate or not allowed to participate, feeling personal insecurity, etc. Human poverty is thus larger than income poverty.

**HUMAN DEVELOPMENT: A HOLISTIC APPROACH**

Looking at development from a human-development perspective is hardly new. The idea that social arrangements must be judged by the extent to which they promote human goods goes back at least to Aristotle, who said: “Wealth is evidently not the good we are seeking, for it is merely useful and for the sake of something else”. He argued for seeing the “difference between a good political arrangement and a bad one” in terms of its successes and failures in facilitating people’s ability to lead “flourishing lives”. The idea of better human lives as the real end of all human activities was a recurring theme in the writings of most of the early philosophers.

The great Arab historian and sociologist, Ibn Khaldoun, devoted a whole chapter in his famous work “Almuqaddimah” (Introduction to History) to “The Facts Concerning (economic), Sustenance and, Earning (of income) and their Explanation and the Fact that Earning is (tied to) the Value of Human Labour”.

In this chapter, of his *magnum opus*, Ibn Khaldoun draws distinctions relevant to the different purposes to which income earned through people’s labour and pursuits is allocated. To the extent that income earnings are allocated to people’s necessities and needs, they will constitute their “livelihoods”. If earnings are greater than people’s needs, they will be surpluses that finance luxuries and capital accumulation.

Ibn Khaldoun also distinguished between expenditure of earnings on purposes that “benefits human needs and interests”, and expenditure that does not result in such benefit. The first he calls “sustenance” and connects it with the noble saying of the prophet: “the only thing you really possess of your income and wealth is what you ate, and have thus consumed, or what you wore, and have thus worn out, or what you really possess of your income and wealth is "flourishing lives". The idea of better human lives as the real end of all human activities was a recurring theme in the writings of most of the early philosophers.

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rightfully. Illegally acquired income or property was not admitted by them as something that could be called "sustenance".

Finally, Ibn Khaldoun linked income to human labour. He insisted that human labour is necessary for earning income and forming capital. He further linked civilization itself to human labour, saying: "You should know that when the human labour is all gone or decreased by regression of civilization, God will then allow earnings to terminate. Cities with few inhabitants can be observed to offer little sustenance and profits, or none whatsoever, because little human labour is available. Likewise, in cities with a larger supply of labour, the inhabitants enjoy better welfare and have more luxuries."

The same motivating concern can be found in the writings of the early leaders of quantification in economics: William Petty, Gregory King, François Quesnay, Antoine Lavoisier and Joseph Lagrange, the grandparent 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 notion of human development, as introduced in the first Human Development Report in 1990, was an extension of that long but recently obscured tradition. It questioned the relevance of the unique preoccupation with equating GNP with development and thus shifted the development paradigm. It put people back where they belong--at the centre of the development debate and dialogue--and it created an impact far beyond the expectations of its founding parents in 1990 (box 1.3).

The human development concept is broader than other people-oriented approaches to development. Human-resource development emphasizes only human capital and treats human beings as an input in the development process, but not as its beneficiaries. The basic-needs approach focuses on minimum requirements of human beings, but not on their choices. The human-welfare approach looks at people as recipients, but not as active participants in the processes that shape their lives. Human development, by encompassing all these aspects, represents a more holistic approach to development.

**MEASURING HUMAN DEVELOPMENT**

A concept is always broader than any of its proposed measures. Any suggested measure for any concept cannot fully capture the richness and the breadth of the concept. This is true of the notion of human development as well.

In principle, human choices and their outcomes can be infinite and change over time. However, the three essential ones at all levels of development 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. If these essentials are not available, many other opportunities remain inaccessible.

The HDR 1990 therefore constructed a composite index, the human development index (HDI) on the basis of these three basic dimensions of human development. The HDI contains four variables: life expectancy at birth, to represent the dimension of a long, healthy life; adult literacy rate and combined enrolment rate at the primary, secondary and tertiary levels, to represent the knowledge dimension; and real GDP per capita (purchasing power parity (PPP)US$), to serve as a proxy for

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**BOX 1.3 Impact of the human development reports**

The Human Development Reports (HDRs) over the last 12 years have covered a series of key issues as their themes. These themes range from public expenditure for human development, to participation, to economic growth and human development. Such issues as gender and human development, human poverty, human development in a globalized world, human rights and human development, and technology for human development have also been addressed in HDRs.

All these reports with their analysis, data and policy discussions have had a significant impact on development thinking and practice. First, they initiated new policy debates and dialogues at the national level and influenced policymakers to come up with new policy strategies. Second, they encouraged the disaggregation of various human-development indicators in terms of gender, regions, ethnic groups, etc. Such data clearly indicated intra-country disparities and inequalities and helped governments to direct necessary resources to formulate required policies. Third, development activists, non-governmental organizations (NGOs) and institutions of civil society have used the Reports as advocacy documents. Fourth, significant academic research has been undertaken to expand the frontiers of human development, in terms of analytical frameworks, indices and statistical work and policy recommendations. Fifth, HDRs are being used as reference materials in universities and academic institutions.

One important by-product of the global HDRs is the more than 260 national HDRs (NHDs) produced in over 120 countries. Some of these countries have produced these NHDs for more than five years. These NHDs have become important catalysts for national policies and strategies; they have also served as repositories of innovative data and as crucial advocacy tools.

the resources needed for a decent standard of living.

A number of observations can be made about the HDI. First, the HDI is not a comprehensive measure of human development. Its focus on the three basic dimensions outlined above inevitably means that it cannot take into account a number of other important dimensions of human development. Second, the index is composed of long-term human-development outcomes. Thus it cannot reflect 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 the HDI in terms of gender, region, race and ethnic group can point up urgent areas for action that the average inevitably conceals. Fourth, income enters into the 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 constitute what may be termed human-development accounting. This accounting has a focus dimension and a breadth dimension. The 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.

The HDI thus has a limited scope. It cannot provide a complete picture of human development in any situation. It must be supplemented with other useful indicators in order to obtain a comprehensive view. Thus it is human-development accounting, not the HDI, that can portray the complete picture. Yet the HDI has its strength. While it is a simplistic measure, as GNP per capita is, it is not as blind as a GNP per capita measure is to broader issues of human well-being.

**BROADENING THE CONTEXT: FREEDOM, KNOWLEDGE, INSTITUTIONS**

Human freedom is a multidimensional concept, extending far beyond the basic dimensions measured by the HDI. Leading a long and healthy life and being knowledgeable may be universal goals, but people may make additional choices and have additional aspirations that may be society- and culture-specific. The human-development concept encompasses additional choices and goals, processes and outcomes that are highly valued by people, ranging from political, economic and social freedom to opportunities for being creative and productive, and enjoying personal self-respect and guaranteed human rights. The notion of human development emphasizes enlargement of choices in these areas as well.

In the societal and cultural context of the Arab world, such wider choices regarding freedom, human rights, knowledge acquisition and the institutional context are especially critical. No notion of human development can be relevant and effective unless it addresses these crucial issues both analytically and empirically.

**HUMAN FREEDOM**

As noted earlier, human development is inextricably linked with human freedom. Human development emphasizes enhancement of human capabilities, which reflects the freedom to achieve different things that people value. In this sense, human development is freedom. However, this freedom, the ability to achieve things that people value, cannot be used if opportunities to exercise this freedom do not exist. Such opportunities are ensured through the existence of various human rights that key institutions—the community, the society, and the state—must support and secure.

Human development and human rights are thus mutually reinforcing and they have a common denominator: human freedom. Human development, by enhancing human capabilities, creates the ability to exercise freedom, and human rights, by providing the necessary framework, create the opportunities to exercise it. Freedom is both the guarantor and the goal of both human development and human rights.

Poverty as well as tyranny, limited economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or state repression are major sources of human deprivation and thus...
diminution of human freedom. Many manifestations of these problems are old, but some are new; many of them can be observed, in one form or other, in rich societies as well as in poor ones. Overcoming these problems is central to the exercise of development (box 1.4).

In the context of this broader approach to well-being and for empirical purposes, five distinct types of instrumental freedom have been identified as being of special importance for policy purposes on the grounds that they contribute directly to the general capability of a person to live more freely and that they complement one another. The five types are:

- political freedoms, which relate to the opportunities that people have to determine who should govern and on what principles, and also include the possibility to scrutinize and criticize authorities and to have freedom of political expression and an uncensored press;
- economic facilities, which can be understood as the ways in which economies function to generate income opportunities and promote the distribution of wealth;
- social opportunities, which refer to the arrangements that society makes for education and health care, both of which influence the individual’s substantive freedom to live better, as well as to transparency guarantees and protective security;
- transparency guarantees, which safeguard social interactions between individuals and which are undertaken on the basis of some presumption of what they are being offered and what they expect to get;
- protective security, which deals with the provision of the relevant social safety nets for vulnerable groups in society.

All these types of instrumental freedoms have specific importance in the context of the Arab world not only in their own right but also as important choices that are crucial for human development.

**Knowledge Acquisition**

Acquisition of knowledge has intrinsic value by itself, but more importantly, it is an important dimension of human development because as it is a critical means of building human capability.

It is now generally accepted that knowledge is a core factor of production and a principal determinant of productivity and human capital. There is thus an important synergy between knowledge acquisition and the productive power of society. This synergy is especially strong in high value-added productive activities, which are becoming increasingly based on both intensive knowledge and the rapid obsolescence of know-how and capabilities. These activities are the bulwark of international competitiveness and will become more so in the future.

By the same token, a limited knowledge stock, especially if combined with poor or non-existent knowledge acquisition, condemns a country to meagre productivity and poor development prospects. In today’s world, it is the knowledge gap rather than the income gap that is likely to be the most critical determinant of the fortunes of countries across the world. At the beginning of the third millennium, knowledge constitutes the road to development and liberation, especially in a world of intensive globalization.

**Institutional Context**

It is well recognized that addressing and ensuring human rights and human freedoms depend critically on the institutional context. The same is true for dynamic knowledge acquisition. Since issues of human freedom and knowledge acquisition are of prime impor-

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**BOX 1.4  Development as freedom**

Expansion of freedom is viewed both as the primary end and as the principal means of development. Development consists of the removal of various types of unfreedoms that leave people with little choice and little opportunity for exercising their reasoned agency. The removal of substantial unfreedoms, it is argued here, is constitutive of development.

However, for a fuller understanding of the connection between development and freedom, we have to go beyond that basic recognition (crucial as it is). The intrinsic importance of human freedom, in general, as the pre-eminent objective of development is strongly supplemented by the instrumental effectiveness of freedoms of particular kinds to promote freedoms of other kinds. The linkages between different types of freedoms are compositional. For example, there is strong evidence that economic and political freedoms help to reinforce one another rather than being hostile to one another (as they are sometimes taken to be). Similarly, social opportunities of education and health care, which may require public action, complement individual opportunities for economic and political participation and also help to foster our own initiatives in overcoming our respective deprivations.

If the point of departure of the approach lies in the identification of freedoms, the main object of development, the reach of the policy analysis lies in establishing the empirical linkages that make the viewpoint of freedom coherent and cogent as the guiding perspective of the process of development.

Amartya Sen

Source: Sen, 1999, preface.
tance for human development in the Arab region, recognition of the necessary institutional context and choice of an appropriate institutional framework are also crucial.

With regard to human freedoms, individual agency is, of course, ultimately central, but individual freedom of agency is inescapably qualified (enhanced or constrained) by available social, political and economic opportunities. This is true across the world, including in the Arab region. In the Arab world, there is a deep complementarity between individual agency and social arrangements. It is thus important to recognize the centrality of both individual freedom and the role of institutional and social arrangements in the extent and reach of freedom, and to see individual freedom as a social commitment.

Moreover, the five types of instrumental freedom mentioned earlier depend, each in its own way, on the effectiveness of the various institutions that Arab society provides to enable individuals to pursue the lives that they have reason to value. Respect for human rights and effective participation of the people in social and political activities must be fundamental ingredients of the institutional context of human development in the Arab world.

With respect to knowledge acquisition, the standard usage of the term "human capital" denotes attitudes, knowledge and capabilities acquired by individuals, primarily through education, training and experience. However, the concept of capital that would be consistent with the concept of human development relevant to the Arab world is far broader than conventional human capital on the individual level and far more sophisticated on the societal level.

It is perhaps more precise in the Arab world to adopt the term social capital to integrate the concepts of social, intellectual and cultural capital into a notion of capital formed by systems that organize people in institutions. This type of capital determines the nature of societal activity and its returns, paramount among which is the level of human well-being. An amalgam of conventional human capital and social capital would then constitute the notion of human capital commensurate with human development in the Arab region.

Given the critical importance of gender equality, knowledge acquisition in the information society age and environmental choices, it is worth considering how some of these aspects might be incorporated into constructing the HDI for the Arab world. Neither per capita GNP nor the HDI takes explicit account of these important choices. Box 1.6 explores the dimensions and construction of such an index as well as insights from applying it.

BOX 1.5

Measuring freedom

Since 1972/1973, Freedom House, an American non-profit organization, has published an annual assessment of the state of freedoms in countries and regions of the world. The assessment takes the form of a numerical scale measuring the extent of availability of a broad range of political and civil rights and freedoms enjoyed in reality, not in declared documents and policies. Without fully endorsing the content of the Freedom House assessment or its methodology, the "freedom index" can be used as an overall characterization of the extent to which of rights and freedoms necessary for good governance are available.

An attempt is made in box 1.6 to combine the freedom index and other key variables with the HDI. To arrive at freedom scores, the Freedom House scale is transformed so that it ranges between zero (expressing absence of freedoms) to one, (denoting complete enjoyment of freedoms). The resultant freedom index is moderately and positively associated with indicators of social development.
Box 1.6

Introduction

It is widely recognised that the standard measure of human development (HD), the human development index (HDI) does not capture the rich content of the HD concept. In fact the popularity of the HDI has sometimes meant that HD is reduced to nothing more than human resources development (HRD), an unfortunate misunderstanding. This is indicated in the present chapter and emphasised in chapter 2 in the context of analysing significant human development deficits in the Arab region. The latter analysis confirms the region suffers from significant human development deficits that nonetheless do not register on a country’s standing on the HDI.

The need to construct an adequate measure of HD is now well established. Indeed, the search for a better measure of HD is thus a pressing task for the human development movement.

This exploratory analysis aims at initiating a process of innovation that could culminate in constructing an adequate measure of human development. The territory to explore is rugged and therefore calls for ingenuity as well as perseverance.

The approach of this analysis is rather simple. It uses a flexible yet robust method to compose a number of human development indicators into a human development index deemed sufficient to approximate the rich content of HD. The method used is the Borda rule, a rank sum function that calls for the minimum technical requirements of the constituent indicators. The requirement is that the indicator can be used to arrive at an unambiguous ranking of alternatives (units of analysis, countries in our case) on the dimension of human development measured by the indicator. Given the ranking of alternatives, the Borda rule assembles the rankings of alternatives on the indicators considered into a single value, the rank sum, which produces a complete ordering of alternatives on the indicators used and hence is a valid welfare social function. (Dasgupta, 1995). We call the resulting rank-sum an alternative human development index (AHDI).

This procedure produces only ranking of countries. As the objective here is to put the need for a better measure of human development on the human development research agenda, it is sufficient to produce country rankings. However, it would be a simple matter to compute AHDI values on the basis of the set of indicators proposed here.

The indicators proposed here were, in part, motivated by the human development deficits in the Arab region given in chapter 2, defined to express human functionings, hence human capabilities, or freedoms and deemed, as such, to have universal validity. In addition, availability of data for a large number of countries was also a criterion for the inclusion of an indicator.

The indicators used in this analysis are, in order:

- Internet hosts per capita, IH, to reflect ICT connectivity (access to ICT), to express a universally recognised requirement for benefiting from globalisation in this age, as well as to reflect the knowledge acquisition deficit in the Arab region.
- CDE, Carbon dioxide emissions per capita (metric tons), defined as a penalty, to reflect damage to the environment.
- As such the proposed indicators are universally valid functionings. In that sense, these are also developmental outcomes. Hence, the indicators proposed here have global relevance that extends beyond the Arab countries. As a result, the set of six variables seems to provide a good starting point for constructing indices of human development. The proposition is surely worth pursuing, and refining.

It can be anticipated that the utilisation of this set of indicators will, compared to the HDI, penalise Arab countries, an anticipation that would be borne out by the construction of such an AHDI. But we think that this is not a serious shortcoming. Penalised also will be any country in the world that does not perform well on the six indicators proposed, including some of the highest ranking countries on both income and HDI, which are to be, rightly, penalised for their extensive contribution to global warming through CDE thus spoiling the world’s atmosphere for all.

More important in our judgement than any country’s position on the AHDI is the conviction, articulated above, that the proposed indicators are genuinely valid yardsticks for measuring human development in this age of globalisation. In other words, countries, Arab or otherwise, that want to perform on human development, need to perform on freedom for all incorporating women’s empowerment, knowledge acquisition, including ICT connectivity, improving health and safeguarding the environment.

As expected, the five variables: LE, EA, FS, IH and GEM are positively correlated with HDI and themselves. CDE, defined negatively to reflect damage to the environment, however, comes out negatively correlated with all other indicators.

Structurally, the AHDI consists of the two fundamental human capabilities: living a long and healthy life and knowledge acquisition, articulated above. This it can be claimed is the irreducible core of human development. The exclusion of income from the AHDI was meant to de-emphasise the importance of average income as a measure of human development in general as well as to reflect the deficit of human capabilities relative to income in Arab countries. Properly understood, human development philosophy proposes human capabilities, especially freedom, rather than command over goods and services through income, as the ultimate means of human empowerment. It is freedom, not income that empowers human beings to achieve valued functionings. Thus, beyond the two fundamental human capabilities of health and knowledge acquisition, a human being needs to be empowered by freedom for all. It is time that average income be de-throned as the primary means of empowerment in human society.

This is indeed a major departure from the HDI and, from the viewpoint of the concept of human development, a definite improvement. Freedom for all does not admit the disempowerment of any group, be it women, the poor or a religious or ethnic minority. In other words, freedom for all incorporates women’s empowerment, indeed empowerment for all.

Nevertheless, disempowerment of women remains a major impediment to human development in many parts of the world, especially in the Arab region as noted in chapter 2. As a result, we believe there is a strong case for explicitly incorporating a measure of women empowerment in the AHDI to stress this aspect of freedom for all. This indirectly adds to the weight of the freedom score in the AHDI by placing an emphasis on gender equity as well as to reflect the women empowerment deficit in the Arab region.

The inclusion of two indicators of knowledge acquisition, EA and IH, is meant to reflect the emphasis on knowledge acquisition stressed throughout the report and to express the critical importance of ICT in this age of global connectivity. The two variables together give knowledge acquisition a higher weight than LE for example, reflecting the deficit of knowledge (education) relative to health (LE) in the Arab region.

The human capability of being able to enjoy a safe environment translates, on the societal level, into a measure of environmental responsibility towards the global environment.

AHDI Values

To gain an appreciation of the implication of the proposed approach to the measurement of HD we examine in some detail the results of applying AHDI.

The HDI turns out to be strongly and positively correlated with the HDI (rank correlation coefficient = +0.904). This strong correlation between the two indices perhaps indicates that they belong to the same family of measures.

However, the position of individual countries on the range of the AHDI is reshuffled thoroughly. It is important to note that the rank of an individual country on HDI reported here, does not have to tally with the rank reported in the HDR. The ranks given here are based on the Borda ranking rule and not on the values of HDI, in addition to the fact that the rankings given here are limited to the 111 countries covered by the present analysis (compared to 174 in the HDR).

This reshuffling of positions is reflected at the level of world regions, utilising the average rank of countries of the region, in Figure 1. A higher rank represents a worse human development position.

The same mapping is presented, on the level of the 111 countries, in Figure 2. Sweden comes on top of the AHDI, while Canada is demoted to No. 3 (out of 111, it was No. 1 of 174 on HDI, 1998). The USA, UK, France and Germany do not make the top ten on the AHDI. Scandinavian countries, on the other hand, make a strong showing in the top ten on the AHDI.

Of the 14 Arab countries included in the analysis, four place in the ten lowest AHDI values: Syria, Sudan, Mauritania, and Iraq.

Jordan, Kuwait, Lebanon and UAE, in order, top the list of Arab countries on AHDI, followed by Morocco and the Comoros, Egypt and Tunisia. This order perhaps reflects differences in human welfare better than the HDI ranking.

As expected, the position of all Arab countries deteriorates, to varying extent, on moving from HDI to AHDI but, especially Kuwait and the UAE, lose place considerably. Only Jordan and Comoros essentially retain their relative placing on both indices.

Nader Fergany
As we have indicated repeatedly, the freedom score used here is admittedly grossly imperfect as a universally valid proxy for freedom. There is indeed room for improvement in the measurement of freedom as the ultimate yardstick for development. This is a task that begs international agencies, notably UNDP, to devote energy and resources to it. It is hoped that future issues of the AHDR devote attention to better measurement of freedom, at least in Arab countries.

The AHDI may also be critiqued on the grounds that it assigns equal weights to variables that do not command equal importance in different perspectives. An HRD enthusiast could ask: ‘Is not LE more important than CDE?’ A global environment devotee could well counter: ‘Not necessarily!’ The HRD enthusiast could add: ‘LE should have a higher weight than knowledge or freedom, since avoiding death is a most primordial human instinct.’

A primordial human instinct it may be, but on the scale of human values, avoidance of death might not rank very high. Is prolongation of life under suffering and oppression a blessing or punishment? Freedom fighters throughout history, have voted with their lives.

In a different point of view, since a recognised achievement in prolongation of life has been attained in Arab, as well as other developing, countries, it is natural that attention shifts from length to quality of life. Without doubt, the ideal goal is for a long life characterised by liberty and human dignity. As a reflection of this superior human goal, the AHDI includes both indicators of life expectancy at birth and level of enjoyment of freedom. As should be well known, assigning equal weights reflects the ‘equal ignorance assumption’ in statistical analysis. It is, by the way, the same principle that is used in the construction of the HDI.

However, to investigate the validity of the equal ignorance assumption, with respect to the AHDI, a principal components factor analysis on the values of the six indicators utilised, was carried out. This is one statistical technique that is normally utilised to assign an ‘objective’ weight to each of a set of variables in order to arrive at a composite index as a proxy for a certain multi-faceted phenomenon.

The results of the factor analysis reveal that the weights proposed by this analysis are rather close in value, a result that does not place the equal weights assumption in jeopardy.

The way forward, an agenda for innovation in the measurement of human development.

This analysis has explored the contours of a new approach that could lead to a better measurement of HD. Nevertheless, a long agenda remains. Refinements are surely possible, even recommended, in the areas of definition of indicators, measurement of indicators and construction of composite indices. A vigorous process of innovation in the measurement of human development is called for.

In particular, national and international efforts to improve data availability on human development in general, freedom and gender issues in particular, should be stepped up.

The weakness of the indicators of freedom, and of good governance indicators in general, is arguably the biggest stumbling block in the way of adequate measurement of HD. It is a block that calls for mobilising an international program for better measurement of enjoyment of freedom on a world scale.

In the same way that the purchasing power parity comparison program, an international endeavour that was led by the UN, has given income per capita a new lease on life as a measure of development or welfare, the measurement of freedom needs to be likewise improved. The UN system should play an instrumental role in this endeavour, as it did with respect to the PPP approach.
THE ARAB HUMAN DEVELOPMENT REPORT

In chapter 2, the Report draws substantive conclusions about the state of human development in the Arab world at the end of the twentieth century by applying the yardsticks of progress represented by the HDI. It demonstrates that the institutional context of society and disabling knowledge and human-freedom deficits constitute the most critical impediments to human development in the Arab region.

Chapters 3 through 8 address what must be done to reduce constraints and increase opportunities in areas critical for human development, especially for coming generations, by focusing respectively on measures for building, using and liberating human capabilities. Chapter 3 considers the basics of life, health and habitat. Chapter 4 strongly advocates the building of human capabilities through education and proposes guidelines and action areas for reform. Chapter 5 discusses how to use knowledge acquisition to work towards the establishment of an Arab information society. Chapter 6 looks at issues of growth, employment and poverty, and how better to use human capabilities, foster growth, attack joblessness and poverty, and integrate the Arab region equitably with the global economy. Chapter 7 highlights an enabling governance and institutional framework for human development as the essential foundation for liberating people’s potential in the Arab region. This institutional context, in the case of the Arab countries, extends to the perspective of Arab cooperation, which is discussed in chapter 8.

Giving democracy low priority has not helped to reinforce the necessary participation and unity needed between civic and political circles in the Arab States.

THE ARAB HUMAN DEVELOPMENT REPORT

In chapter 2, the Report draws substantive conclusions about the state of human development in the Arab world at the end of the twentieth century by applying the yardsticks of progress represented by the HDI. It demonstrates that the institutional context of society and disabling knowledge and human-freedom deficits constitute the most critical impediments to human development in the Arab region.

Chapters 3 through 8 address what must be done to reduce constraints and increase opportunities in areas critical for human development, especially for coming generations, by focusing respectively on measures for building, using and liberating human capabilities. Chapter 3 considers the basics of life, health and habitat. Chapter 4 strongly advocates the building of human capabilities through education and proposes guidelines and action areas for reform. Chapter 5 discusses how to use knowledge acquisition to work towards the establishment of an Arab information society. Chapter 6 looks at issues of growth, employment and poverty, and how better to use human capabilities, foster growth, attack joblessness and poverty, and integrate the Arab region equitably with the global economy. Chapter 7 highlights an enabling governance and institutional framework for human development as the essential foundation for liberating people’s potential in the Arab region. This institutional context, in the case of the Arab countries, extends to the perspective of Arab cooperation, which is discussed in chapter 8.

Globally, the concept of "human development" gains special importance in the Arab context since it reflects two dimensions.

The first is a materialistic one, relating to satisfaction of human needs as reflected in the HDI’s quantitative measures of income, education, and health. The second is a qualitative one in the sense of participation, democracy, freedoms, and rule of law which is consistent with the economic and social rights enshrined in the Universal Declaration on Human Rights.

The satisfaction of human needs sustains human dignity and acquires major importance in the context of once-colonized and exploited peoples. The importance of this material dimension grows with the growth of poverty in the Arab world under intensifying social polarization and the continuing waste of resources at the expense of existing and coming Arab generations. One of the requirements of human development is preserving national wealth for coming generations and preventing its exhaustion by building sustainability.

Arab countries have a vast potential to attain adequate living standards that enhance all their people’s interests, especially if these countries achieve economic integration and deepen their inter-Arab trade. Economic integration will form an important mechanism for overcoming dependency and vulnerability and helping to make globalization work for Arab interests in an attempt to reach self-reliance.

Regional integration, while forming an Arab economic block in the era of massive economic clusters in the world, will also ensure the return of Arab resources to the benefit of the Arab people by helping to overcome increasing poverty.

The qualitative dimension is based on accountability and constitutes a cornerstone of human development, for there is a basic and dialectic relationship between governance and development. The Arab people face some deep ethical choices in an environment of competition, selfishness and individualistic personal ambition. These motivations divert efforts away from the common good and hinder the development process.

In some Arab countries, the absence of democracy based on participation, pluralism, separation between authorities, independence of the judiciary system, and free and honest periodic elections has formed an obstacle to the development process. This is not to deny achievements attained in the social, economic, productive, political, and cultural spheres. Nevertheless, giving democracy low priority has not helped to reinforce the necessary participation and unity needed between civic and political circles in the Arab States.

In my assessment, this democratic deficit remains a challenge to this day, in spite of some promising signs of movement towards freer societies in some cases. Giving this issue the special attention it deserves and maximizing participation in decision-making both help to create a true partnership between the official, private and civil sectors and enhance the evolution of a developmental vision that includes the interests of the poor and the marginalized.

Fostering multiparty systems, freedom of the press, constructive criticism, and periodic elections represents an important mechanism for the preservation of freedom and for invigorating people’s trust in their abilities and their future. Safeguarding the rights of citizenship through the rule of law links the individual citizen, through his or her rights, to the state, guarantees two-way trust and counteracts marginalization and alienation.

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HUMAN DEVELOPMENT: DEFINITION, CONCEPT AND LARGER CONTEXT