

## HUMAN DEVELOPMENT IN THE POST-2015 ERA

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Well it's a great delight for me to be here and I thank you all for coming on this occasion. The title, human development in the post 2015 era was I think chosen rather rapidly between Lise Grande and myself when we were looking for a title. I think, for those who are wondering what exactly is 2015; well it is the end of the period in which the millennium development goals were to be finished and the question of what to do after that. Now here I must say, I've always had a bit of a grumble about the MDGs, not because I don't approve of them and indeed I do, but because it was the successor to something called the Millennium Declaration which preceded it and that had an enormously bigger role. It had democracy; it had human rights, many other things. For anything that wasn't immediately measurable, was dispensed with in the MDGs and that was the victory of the concreteness of the foundation of concerns. Sorry, it's unfortunate...and I've had an opportunity of speaking at the General Assembly last fall and trying to urge that they reconstitute that and when it renews they go into that. However, what I would talk about today actually fits in quite well with the MDGs that is the rather narrower concern, but a reminder because quite a lot of it would be concerned with some issues where one of the major concerns and achievements of India, namely running a multi-party democracy system would not figure and that's certainly one of our achievements. I would be contrasting China with India and if there are positive things and indeed I wrote something on that in the New York Review and that indeed when it comes to democracy, there are issues of which we can be proud, not that it's perfect, there are a lot of things that can/ that has indeed gone wrong but on the other hand - taking the rough with the smooth there are our achievements quite considerable in maintaining a multi-party, thriving functioning democracy in a very poor country with many religions, many languages, many regional differences as well as many other differences of a political, social and other kind. But I will be concerned primarily with human development and here again I would distinguish between human development in the broad sense which includes all the things that concern us and Mahbub-ul Haq-the founder, as Ajay mentioned, and I would go further than Ajay, he was not so much who made a contribution, he was the architect of the human development. I helped him, Meghnad helped him, many others helped him. But we would have got nowhere but for Mahbub-ul Haq's leadership. And I shouldn't give a too long a speech but I ought to perhaps say one or two things about Mahbub himself on this occasion. I certainly couldn't match the admirable brevity of Lise Grande's presentation, which consisted of unveiling it and disappearing without a word but I also would like to take this opportunity of welcoming Lise because she hasn't been here for so long. And we have many other concerns in common, in addition to human development, including our respective friendship with Eric Hobsbawm, the great historian who was a very close friend of mine, very close friend of Lise, and who died only a little while ago at a very advanced age. So, welcome Lise and I hope you find the work here entertaining, I think entertaining it

will be, worthwhile I hope so and certainly there's a huge role for the UN to play and the UN coordination to play in this context.

Mahbub introduced me as it were or we talked about the idea of human development when I first met him in October of 1953. I had just arrived from Calcutta Presidency College. He had just arrived from Pakistan. We arrived more or less on the same day and we were walking towards the lecture I think of Joan Robinson, and I think Mahbub asked me whether I knew where the middle lane was and I explained that I did very really quick by then having spent 24hrs and walked around and so we walked together and this became off course a close friendship. But I remember spending a lot of time chatting with him already then as to why, what even about Mrs. Joan Robinson was then teaching us, while they are interesting in themselves, isn't really what we are concerned with and I remember one of Mahbub's remarks then that if India goes as fast as is possible, maximum possible, which off course in those days used to be rather lower than what it's taken to be now, maximum possible, then in 40 years India and Pakistan would catch up with Egypt. And he said would that be adequate for us? Now I would like to explain Mahbub had nothing against Egypt. But he was saying that we should be able to do spectacularly better, right now and right here.

So that was really the thing that drove the human development thing and he of course and I stayed on in Cambridge for a while, he went first to Yale and then to Pakistan. And I visited him before I joined the Delhi School of Economics in the 60s. I came via Lahore and Karachi and he was still concerned with it. And of course bit and bit he was exercising more power in Pakistan but also getting more and more disillusioned and in 1989 in the summer he called me and said drop everything, you have to come and help me out with the doing the human development approach not that human development index that's only one part of it to which you made a reference, Ajay and that's right that this is in fact the flagship. In fact the approach is much broader than that because it concerns all the things that human lives, its flourishing depends on, so I said look I can't drop everything I have got PhD students, I've got teaching, have got a job, have got a salary, and went on.. But eventually as always Mahbub's course prevailed so I found myself going very regularly through 89-90 when the first human development report appeared in the summer of 1990. I thought human development index, I have to acknowledge, I had a huge role in making indeed it could be said that in many ways, I put the touches that made it possible we knew what factors, after some argument what factors to put together. There was a question of indexing Mahbub did not want any indexing. He didn't want any weighting only 1, 1, 1. So I explained, Mahbub never liked formal reasoning much but he didn't need it because he had enormous insight in everything so I said look there are three different units. So 1 1 1 is no more arbitrary than 1 2 4 or anything else. So anyway, then we got our sides together, then we did rather interesting sensitivity analysis, changing the ways of looking at the numbers and seeing how they come up and to combine plausibility in terms of other information along with this, to arrive at the weighting and that as those who would know, mathematical economists would know this is done by normalization i.e. if you take say life expectancy - the bottom to be 0 and top to be 100, then each year gets a weight of one, but if you take the bottom to be the lowest at that time let's say 50 or something, or 45, and the highest to be gapped by 85 then of course each year gets a much bigger weight. So that's what the normalization had to deal with anyway the HDI came through, I was opposed to it, I told Mahbub that it was vulgar to try

to get one number and Mahbub at one stage told me I mean he kept calling me, I was then at Harvard, and my son Kabir came up and told me that that man is on the phone again. and that man told me you're quite right Amartya, it is vulgar, I want you to work on an index which is just as vulgar as GDP excepting represent something of human life and I think that drove the HDI and then of course he had real delight when it caught the headline everywhere, kind of places where we didn't expect headline like the financial times, the economist, and Dawn and then of course the human development approach prevailed and became the most widely used approach indeed HDI became the most widely used index for a while, for a long while .

Now if we look at that, what's the content of the human development? What does it depend on? Well, there are two distinctions here to make. One is growth and development and the other is development and human development. Now the growth and development is an issue Growth is about GDP or GNP, and is not about human beings as such, it's about commodities. So development translates that into things connected with human life. Now all development economists even to start with had been that there was a certain amount of confusion at the beginning of development economics like Arthur Louis and so on, but on the other hand even though he talked about growth it is quite clear, he was really concerned with human living, not very clearly but I think he was. But people like Albert Hirschman, another person whom we lost only two months ago, were clear on that, and so were people writing on that in this country and other developing countries in the world. Now human development puts them together in a kind of coherent hole and there are two ways the problematic differs it's not that every kind of change of human life is a celebration, of course that is, but more than that it tries to do a certain amount of evaluation of how important is this, how important is that. So here human beings come in terms of ultra-evaluative faculties, there's no way of escaping that and when people say well GDP is great you don't have to make any value judgment, what it means is that you are accepting the value judgment that the market makes for you whereas human development is saying that you make it yourself, explain to me that why is life expectancy this important, why is female education that important and so forth. So, it converts a mechanical exercise into a cognitive and evaluative exercise and it also addresses the difficult issue of how development and growth are related. Now here's a point to note that human development has got nothing against the economic growth whatsoever. In fact of the three indicators that make up the HDI one of them is in fact the GDP per capita up to a certain level beyond that we don't worry about that. All that was in fact entirely aimed at developing countries though it was used quite a bit to make comparison within Europe, Mahbub was extremely pleased and he called me up when he said that the Canadian Prime Minister had made an election statement saying he couldn't understand how the opposition can expect to be given any vote at all given the fact that Canada was at the top of the HDI league and Mahbub summarized this observation by saying - clearly we have won. I think that was a kind of visibility of a result that that he was looking at, but he was also pointing to the fact that the kind of waiting that has emerged in the human development approach is getting more and more accepted. On the other hand, human development may be extremely keen on economic growth. I have been writing mostly on practical matters leaving off your theory research, last year had been about Europe and the catastrophe error that Europe made in selling growth down the drain, overlooking the fact that you cannot pay back the debt without a high growth economy, and high growth-generating resources. The question in India is how are we using the resources, what purpose, in

what kind of advancement of human life. When we cannot justify that, there is a failure human development engagement but when you are not generating any growth at all and just asking people to cut this, and cut that which Europe has gone on again, and again and not got anywhere as indeed would have been predicted even on Keynesian reasoning but there are many other reasoning including that of Adam Smith as to why you have to take a broader view of human society and development to understand the engagements involved contrary to Smith's image as a no - nonsense marketer because always he was always a great believer in state's role in developing in those thing that the state can do. indeed he said the reason why we need good political economy is because it helps to generate development by which he meant growth of a kind that would improve the life of human beings and also generate resources for the government to spend those things which only the public sector can do. And I quoted that of course also in my lecturing tour of Europe I think that there was a context in which the neglect of growth is perhaps the biggest failure of human development so the idea that there is a contradiction between them is quite ridiculous. It's the only point that Mahbub was making is that growth is not valuable on its own when its essential and needed then to slacken on it would be a very bad pursuit of human development and when it's not essential but when it's absolutely the only thing you're doing and not using the resources for any other purpose that enhances human life well, then it's a different kind of criticism. I think Europe has gone into that and I have to say to the credit of India it actually did not fall from that - India did not, China didn't. Britain which was not part of the euro and did not have any reason to pursue that, never didn't pursue it, it's never been quite clear that why did they chose the painful path of cutting everything especially since John Maynard Keynes was actually born in England that would somehow generate a budget surplus which off course it didn't generate as predicted and they continued to believe it will now, it hasn't in two years but now it will. This is the greatest folly of all, of which Adam Smith also actually speaks namely inability to learn from experience, and expect that even though everything is the same as the past it will now generate a different result which it hasn't of course. I won't go indulge in anti- English statement or people like George Bernard Shaw in-man and superman and I think Anne Kanner says that an Englishmen feels moral only when he is merely uncomfortable and I think that's probably psychologically unfair statement to make. On the other hand it's not easy to find an explanation; it certainly is not easy to find an explanation within economics of what has been going on. Now, in terms of the situation in India, and in the developing world, what's been happening, India has had the high rates of growth, it has weakened a bit, but we have to put that in perspective, I think in last week of June, last year, I got two phone calls, one morning one was from a French paper asking me that have you seen the last quarter Eurozone figure and I said no, I haven't what's happened. He said, it stopped sinking. The Eurozone had zero growth rate, is it not a moment for congratulation, I said well it probably is let me think about that. He said could you give an interview, I said well it depends I have to fit it in, two hours later I got a call from a television think channel here, in fact NDTV, saying what I have got to say about the disastrous figure on economic growth, dismal I figure so I said how dismal is dismal. ? And they said, really dismal, its 6.2% growth rate. So I had to take the two remarks together and one that which interview I ought to give, in the event I think I didn't give either, but I think I may have answered a couple of questions of NDTV but the issue here is to understand the role of growth and I think the there's no question that to raise the rate of growth would be a god thing, absolutely, and there are ways of doing it and indeed the government can do it, and indeed the government can do it, he pub1lic can do it as well. It's a big project, on the other hand, it's

also very important to see a) how growth is generated and b) and what is done by the resources generated by economic growth.

Now I began by praise of India vis-a-vis China. Let me give you some numbers, which now would indicate the other side of the story. China has been growing a bit faster than India. Lots of people think that India should catch up with China. Which I must say that I do want India to catch up with China, but not just growth rate, but in the quality of life and other things. On the other hand, the idea that in order to do that is not to by cutting on welfare payments and pursuit of human capability formation. Not only is it a mistake, it completely confuses the entire lesson of Asian Development, beginning with Japan, in mid-19th century. Mainly, education, healthcare and expanding productivity of human beings not only help human life, which is the primary impact, but, it also makes economic growth possible and easier. And, China went in that direction went for universal education straightaway. Went for universal healthcare, though not of a very good kind, initially, even before economic reforms. And, it's over the years there have been ups and downs, after the economic reforms, there was a period of confusion, but the growth has continued, and China has continued to grow faster than India. On the other hand, this has not been the case that this has been achieved by not doing human capability, exactly the opposite. Undernourishment, child undernourishment in India, looking weight for age, 43.5% of our children are undernourished. The percentage in China as opposed to 43.4% is 4% now. The life expectancy, of course in China is higher, 73 against 65. Under-five mortality, a bad thing, in India it is 63%, In China its 18%. I think in almost anything you look at, there is a major difference. The difference is partly the engagement with this in the nature of economic policy making. India spent 1.2% of the GDP on public healthcare. China spends 2.7%, more than twice as much, on Governmental healthcare. Lots of people are under the impression that our prematurely privatized healthcare is based on China, Not at all. Whatever private healthcare, as in Kerala, comes on the basis of a secure foundation of a public health expenditure that puts health services within easy distance of anywhere, so, if you see, and I can give the figures for education, for all other areas. Jean Dreze and I are finishing a book now on India, which should be published in July, where we go into these comparisons, within India, as well as India and other countries. And, the picture is quite sharp. If you look at just economic inequality, you will be somewhat misled, because of the fact that the Chinese and Indian economic inequality are not very different, in terms of income distribution. It used to be thought that India's was much slower but that isn't quite right, because we compared our expenditure, family expenditure inequality with income inequality. It is well known by economists who have worked on these empirical things, these figures are always standardly lower than income inequality. But, now that we have income inequality figures, they are roughly the same.

On the other hand, the differences are dramatic, beginning with the most elementary, 48% of the Indian families do not have toilets. This is put sometimes rather in an arcane way saying that the fact is that open defecation, but, it is not the cult that made them practice open defecation. It's not thought to be a great merit in itself, and indeed there are, as my colleague Jean Dreze was telling me that and I was changing the language and I said that how do you know that? He said because they have no toilet, therefore the figure really is toilet, 48%; nearly half the population doesn't have any toilet. India's undernourishment of children, I have already commented on, is dramatically higher, not only in absolute

numbers, despite the fact that China has a larger population, but as a proportion, incomparably different. There is hardly any population which doesn't have a public healthcare availability, public education facility, public healthcare facility. It's the lack of the basic amenities of life, which make the Indian inequality so extraordinary. It's not the story of the rich and the super-rich and the tycoon. That's a different part of the story, whether you can collect more income from them or not. That's not what angers people. What angers people, an anger that is suppressed, because the media is not very friendly to such issues as toilet absence and in a way much more dramatic issues come into the story a lot more. It's certainly big to talk about the urban deprivation, like you know when we had the catastrophic organizational failure and that certainly needs fixing, because the Indian public sector, requires accountability in a way it doesn't have.

And, India's infrastructure, physical, not just social, both require building. But, we have to put them in proportion. The headlines say that 600 million people are plunged in darkness. But, 200 million of them never had any electricity connection, anyway. And the country still debates about how its people friendly to have cheaper electricity, while 1/3rd of the people have nothing to do with electricity, similarly, cooking gas and so on. These are very easy issues to capitalize on.

And, on the other hand, the other kind of real deprivation, and you know I am absolutely delighted that at long last the issue of violence against women is receiving a kind of attention it has. But, I would have been even more delighted, if it was recognized that Dalit women have been undergoing real violence over very long time with hardly any protests, or any organization behind them. I think there is an absolute gulf in that picture. So, I think we ought to really look at human development for it is which includes the important contribution of growth. It also points out how growth is achieved, whether through human capability expansion, makes a difference, to recognize that human capability expansion is the Asian model of development. To recognize that it's within our powers to make a big change in that. From time to time the question has been raised, when I, sometimes people say that I talked about a Kerala model. I would defy anyone to find a single statement of mine where I quoted the Kerala model. I did say there is a lot to learn from Kerala. But, in those days Kerala has a lot of bad lessons to offer, as well. And, you have to take a much more positive constructive policy about the market along with all the things they were doing. But, the total without it, of course, I was told that this was a flash in the pan. But, of course Kerala's growth rate, from being a very low income country-state, is now among the very top. And, so are the other states, which followed routes like that. Tamil Nadu is one example. Himachal is another example. And, of course their achievement, Himachal has been one of the poor states. But, the fact that it has overtaken others has a lot to do with the Asian model of development, namely the capabilities based expansion.

Sometimes the comparison is made with Gujarat, which of course has a very distinguished record of doing physical infrastructure, and from there is a lot to learn. At the same time, if you look at the total result, then you have to see that a lack of interest in human development could make a difference, and also it depends on per capita income, if you look not at the average income, but, the median per capita income. In Gujarat, its Rs. 6300, in Tamil Nadu, Rs. 7000, Himachal Pradesh, Rs. 9942, Kerala, Rs. 9987. If you look at the percentage of the below poverty line, (2004-05 scale), in Gujarat it is 31.6%, in Tamil Nadu, 29.4%, Himachal 22.9% and Kerala 19.6% (All in the income index). But, this is not unconnected,

with human development, which has been feeding the process. Then, if you look at, say, female literacy, Gujarat 63.8%, Tamil Nadu, 69.4%, Himachal 69.5%, Kerala 93.0%. If you look at the percentage of Child undernourishment, you find similarly a higher picture, and, also under 5 mortality, that number is quite striking, Gujarat is at 60.9%,(under5 mortality), as opposed, Tamil Nadu 35.5, Himachal 41.5%, Kerala 16.3%. If you look at present day effort in immunization, 42.5% of the population of Gujarat is fully immunized, Tamil Nadu, 80.9%, Himachal 74.3%, Kerala 75.3%. So, I think the picture is this, there is no conflict between high growth and human development, because human development not only good in itself, but is one way of achieving growth, and, despite the fact that China lacks the kind of multi-party democratic approach we happen to have, there has been sufficient concern with the lives of the underdogs of society, in China, to make a picture of a kind that puts India quite a bit to shame.

Not always. I've also written about the Chinese famine. Recently I have been corrected by a recently published book which says when I estimated that there were 29.6 million people dead in the Chinese famine; they say that I underestimated it. Initially, I was told that I invented the famine. The first four letters in the New York review, after my article, all claim that had there been such a famine, would we have not known, of course, the fact is that the famine could survive only because it's not known, and not discussed. Now, I'm told that I was wrong, because 40 million people had died. But, whichever the number, there have periods of great neglect, so there is no kind of resilience and certainty that things will be fine in an autocratic country, when the democratic system is not functioning. But, China has made quite a bit of progress on that. I would like it to make more progress. I go to China quite often to find out what's happening. I also chair the international advisory board of the Development Institute at Peking University, and I know that the Indian Chinese intellectuals have been the forefront of wanting economic reform, not just of the market kind, but, also healthcare, education, also, freedom of speech, and those issues. So, this is a very interesting thing to look at. And, I think that when the post-2015 things come, we have to look at both the millennium development goals, which of course put China way ahead of India, as well as the millennium declaration, and, including issues about human rights and so on, which have to look at. And, also, the question of how we can combine our democratic system with the kind of commitment that the government of China has been to produce, in pursuing the interests of the very poor.

And here, it's often said by people, what would you advice the government to do? I don't think it's a question of only advising the government. As a citizen of India, I want to talk to other citizens of India, some of us have maintained the citizenship of India, despite a certain amount of inconvenience, standing for two hours at the queue, and entering because every country to which I go, they are absolutely convinced that I want to settle there. That's a result of having an Indian passport, but, I'm very happy to have that. But, I would speak to other Indian citizens, to talk about the fact a) what the government is able to, and b), not just able, but what the government is politically compelled to do, depends on what the opposition party does, what the agitations are? If the agitations are all about cheaper electricity for those who have electricity, and advantages of the cooking gas, for those that have cooking gas, and so on. Then I think the issues of half the population not having toilets, and India having the highest undernourishment in the world, in terms of child undernourishment, will not become a politically engaged issue.

I had the opportunity in December 2011 in the Indian economic association, of which I was very proud that I was involved and I was president of it. And, you know I mentioned that when I became president of the American economic association that I learned some of my tricks, some of the ability to deal with it, in the context of the Indian economic association, and the same would apply to the econometric society, and so. But, the fact is that I got an opportunity at that time. I think Montek Singh Ahluwalia. He asked me to give a talk, and I did. And, I mentioned about all these scandals. And, I also pointed out that public resource is a very important thing, but, the government had just outlined a plan of food subsidy, and lots of people had said, gosh this is so fiscally irresponsible. The fact is that fiscal irresponsibility might be there, but there are so many items, including a fairly trivial one, no import duty on import of gold and diamond. That you have sacrificed more, even taking into account that some of that will be converted into ornaments and sent abroad, even the net figure. And, there are several items like that. It's a question of which one will lead to more agitation. And, it was good that the government to try to do that. And, I was pleased that I was told that in the budget the government had just introduced a tax on gold, but then of course, immediately there were street protests about that, and the poverty. Whether lead by jewelers or the users of jewelry, the government abandoned.

So it's really what you have to address, not just government policy. You have to address opposition policy, and also the responsibility that we as citizens ought to take as what we put as focus in our demands, for the government, from the opposition, from the media, from the society. And, I think the issue of human development. I think of Mahbub Ul Haq, who would have been delighted that there is a major role for human development in that context, and I am of course delighted, since I was associated with him, and had a role, as Ajay kindly mentioned in his session, that it remains a very important perspective to look at, in India. Thank you very much.