

## Human Development in Asia-Pacific in 2010

### Challenges and Opportunities

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**Abstract**—What is the current state of human development in East Asia and the Pacific region and South Asia in 2010? What are the improvements and pitfalls? How will these contribute to the regional development and regional integration efforts? Do we see regional patterns; or are the development levels still heterogeneous? This paper tries to answer these and related questions by reviewing and discussing Human Development Report 2010 released by UNDP. It concludes by a list of remarks and suggestions addressed to –what we call as- ‘the human development hexagon’ (ie university, government, NGOs, international organizations, media and industry).

**Keywords**-Human development, Asia-Pacific, and sustainability

#### I. A BRIEF OVERVIEW OF HUMAN DEVELOPMENT IN ASIA-PACIFIC IN 2010

According to Human Development Report 2010 (HDR), East Asia and the Pacific region had the highest Human Development performance improvement in comparisons of health, education and income data. These three pillars of HDI (Human Development Index) has been improved since 1970. People of the region live for 73 years on average and this figure was 59 in 1970. Literacy rate in the region moved from 53% in 1970 to 94% in 2010. In the top ten movers list which ranks improvement in human development since 1970, we see 5 Asian countries (China, Nepal, Indonesia, Lao PDR and South Korea) in HDI improvement and 7 Asian countries (China, South Korea, Hong Kong, Malaysia, Indonesia, Vietnam and India) in Income improvement. Asia led by China and Indonesia is the fastest runner in HDI progress in the world. Asia is driving up both economy and human development. South Korea and Indonesia are the only countries of the world on the top improvement list for both income and nonincome dimensions. On the other hand, poverty, gender gaps and inequality are still the biggest challenges of the region. A comparison of 40 years of data shows that China, Nepal, Indonesia and Lao PDR are on the right track, but still away from the desired aspects of a high level of quality of life. 15% of world’s poor live in East Asia and the Pacific. This is 51% for South Asia. Thus, the vast continent accounts for 66% of poor in total. That means poverty is still a problem in Asia.

South Korea (12), Hong Kong (21) and Singapore (27) are top performers of the region with their world rankings shown in the parantheses, while Afghanistan (155) is the lowest performer from the region on the world rankings. A growing level of inequality is observed in East Asia where the gap between rich and poor on the one hand, and that between rural areas and urban areas on the other are widening. This inequality is better captured by Inequality-adjusted HDI which takes into account that national aggregates are not sufficient to truly delineate different layers of the society. Aggregates are like average annual weather. The annual average won’t be helpful when we want to know the weather today. In addition, gender inequality is a big challenge for the region as female participation to politics and female empowerment are limited except Philippines and Indonesia.

Although China is not performing well in education indices (such as school enrollment rates) and health indices (such as life expectancy), the income per capita has increased 21-fold since 1970. Improvement in income is not reflected in improvement in health and education. This shows a lopsided development where increase in income does not lead to increase in education and health performance proportionally. In other words, this is another sign of the fact that economic development does not guarantee higher quality of life. The economic development since 1970 has largely ignored the other two corners of the sustainability triangle such as environmental issues and social issues [1]. In that sense, we are witnessing cases where the model of development is economically sustainable but not necessarily sustainable in the social and the environmental senses. In this context, HDR contrasts China with Tunisia which has lower economic growth, but higher gains in health and education.

South Asian countries have impressive cumulative performance according to HDR, although they are far from the desired state. South Asians live until 65 on average and this figure was 49 in 1970. This auspicious jump is attributed to the gradual decline in infant and child mortality rates, although these rates are still higher than the world average. Literacy rate in South Asia moved from 31% in 1970 to 66% in 2010. This is a significant achievement,

although the global average is 83%. HDR 2010 used a multidimensional poverty index (MPI) which covers various dimensions in addition to income such as access to clean water and schooling. According to the MPI, South Asia is home to nearly half of the world's poor which is 844 million people. The number of poor people of 8 Indian states is more than the number of poor in African continent as a whole (421 million vs. 410 million). 55% of Indians are poor, and this figure is 16% for China and 5% for Sri Lanka. 63% of the world's malnourished people live in Asia-Pacific region. In comparison to these bleak figures, poverty rate is lower in East Asia and the Pacific, although country-level variations are immanent (eg half of Cambodia is poor according to MPI).

## II. SUGGESTIONS AND CONCLUDING REMARKS

To get better human development outcomes, human development efforts should be coordinated at a regional level in organizations such as ASEAN and APEC. The collaboration within –what we call as- “human development hexagon” (ie university, government, NGOs, international organizations, media and industry) should be improved where all sides would prepare annual plans for how they would contribute to the desired boost in human development. These annual human development plans should be consistent with some other relevant international goals and standards such as MDGs (Millenium Development Goals).

It is clear that multiple paths to human development is possible. Thus it would be unrealistic to expect Asia-Pacific to develop evenly as a region, and a set of general guiding principles may not be applicable in all countries of the region. However, for regional sustainability and integration, being on the same page is necessary.

The common approach has been “we have to grow economically first, and only after that we can consider environmental and social issues”. However, many of the resources are nonrenewable; post-hoc costs are higher than on-source costs; and social issues should be solved for the political stability of the region. The cost of high crime rates is always more than the cost of anti-poverty programs. When poverty problem is not solved, it makes its convincing appearance by high crime rates. Furthermore, from an environmental point of view, climate change has already started to affect human development as in the cases of unusual climate events such as heat waves, typhoons and urban flooding. A comparison of urbanization rates in 1990 and 2010 shows that East Asia and the Pacific is the fastest urbanizing region. This rapid and mostly unplanned urbanization process intensifies the effects of climate change.

HDR showcases Indian state of Kerala, Costa Rica, Cuba and Sri Lanka as countries with high HDI without high economic growth, which shows that “economy first” strategy is not the only path to human development. Furthermore, HDR discusses the sustainability of high HDI

or high increase in HDI as a new dimension. The guarantee of the sustainability of high HDI is a broader understanding of HDI covering environmental and social issues. 3 R programs (Reduce, Reuse and Recycle) and many other green programs are indispensable for the overall sustainability. HDRs have always stressed the issues of environmental sustainability such as global water crisis and climate change [2, 3, 4, 5, 6]. Climate change is expected to lead to food shortages which will definitely affect Asia-Pacific as well as any other region of the world. Fossil fuel reliance and emissions will continue to be big challenges for Asia, as the limits of carbon-intensive growth will be more visible. Energy efficiency will be a growing concern for Asia, and the market for energy saving appliances will expand.

East Asia and the Pacific is the region with the worst gender imbalance at birth. This bad performance is expected to worsen. Positive discrimination policies and political quota system are necessary to give a better shape to gender inequality problems. Mother training makes a big difference as mothers are the first teachers of children. Their medical awareness lowers infant mortality, and their involvement in children's education increases the schooling years. Gender imbalance at birth, uneven female asset ownership, gender wage gap (a hot issue in South Korea and Japan) and different vs. same retirement ages for woman will continue to hit Asian development agenda.

HDR found a negative correlation between human development and inequality. As human development is based on people's access to health and education services, this is not surprising. South Korea has the highest loss in human development (17%) among high income countries, when inequality has been taken into account. India's loss in human development amounts to 41% due to inequality in education and 31% due to inequality in health. Redistributive policies are necessary in this context.

As income can't totally explain the differences in education and health services across countries, the national education and health policies are increasingly under spot as the culprit of the bad performance. HDR correctly points out how expansion of basic education has served a political agenda to forge a national identity in various countries including Turkey. Privatization of education is undermining this identity construction process, and poses danger to the universalization of high-quality education. By a process of internal brain drain, highly qualified teaching staff is leaving public educational institutions for highly-paid jobs in private sector. Thus, reformulation of educational policy is a must to boost human development.

A major critique of HDI was the claim that its poverty calculation was based on a method of questionable reliability. The calculations were based on income and on a global poverty line of 1.25 USD which had led to underestimation of the number of the global poor. By 2010, HDR is based on Multidimensional Poverty Index which canceled out this critique. Thus we can say that we see

significant progress not only in human development but also in its measurement. On the other hand, HDI should be supplemented with quality of life indices, as the top countries on HDI ranking are not the happiest according to some other studies, and they are the most expensive countries. Social support is one of the most important factors for happiness [7, 8]; and the fast tempo and high stress level of high income countries are detrimental to human happiness. People of high income countries at average earn high income but spend a lot too. Although they have access to high-quality education and health services, they are paying too much for them in some cases. In a country where people are afraid of going out for eating or drinking, since it is too expensive, high HDI loses its significance. So HDI without consideration of vital issues such as cost of living, housing, crime rates etc would be misleading. This problem originates from the fact that HDI calculations are still based on GDP/GNP as the ultimate income indicator; but GDP/GNP is heavily criticized for various reasons; and alternative indicators such Genuine Progress Indicator (GPI), ecological footprints etc are under construction [9].

Especially as a result of 2008 Global Financial/Economic Crisis (it is 'financial' according to some economists and 'economic' according to some others), HDR explicitly states that confidence over unregulated markets delivering human development outcomes is in decline. HDR quotes Karl Polanyi on the problem of market failure as to provision of public goods. It is stated that firms that are based on an abundant pool of cheap and unskilled labor are not willing to invest for their education or health. Those firms are afraid that a more educated labor force will raise the cost of production, and the industry will accordingly lose its competitive advantage. Secondly, they think a more educated labor force will be hard to manage. This mentality will not only stifle human development, but also lead to unsustainable patterns of economic growth where the only competitive advantage will be cheap labor. Furthermore, HDR mentions the oil spill disaster in Gulf of Mexico (2010) as another example of market failure within the environmental realm. To balance the enormous powers of states and markets, HDR recommends empowerment of NGOs/NPOs, and warns against oligarchic capitalism where state and market actors are identical or closely related.

By 2008, regulatory frameworks have been on the rise. Regulations are reactive, they respond to expected market failures. But a more proactive approach is necessary to promote human development. For example, in many low or middle income countries, universities are not specifically rewarded for action research in human development. Social science departments are spiced up with academic parochialisms and discussions much resembling the discussions of Byzantine scholars on the sex of angels in the last days of Constantinople. The trendy topics in universities are identity, postmodernism and other fancy, attractive words. Poverty has existed since the emergence of class-

structured societies in human history; thus it is strange to see that it is ignored by academics and left only to 'development studies departments' and international organizations such as UNDP.

Asia-Pacific has the highest number of Internet and mobile phone users in the world, merely because of the fact that nearly 4 billion people live in the vast continent. HDR discusses the opportunities provided by the immanence of ICT devices for empowerment. For example, texting is a common way of political involvement in Philippines, and microcredit schemes in India and Bangladesh are mainly based on uses of ICT. Secondly, as mentioned in HDR, Internet has served as a useful platform to build up, share and disseminate development data and strengthened links between experts on the one hand and international organizations on the other. So the human development hexagon should focus on the promising uses of ICT for a further boost in HDI.

In general, HDR finds that countries of low HDI and high inequality are not performing well in gender equality index. From our point of view, this shows that the problem is more than HDI: It is about public participation. One way to ensure public participation is the ratification of extended Environmental Impact Assessment (EIA) laws, as the upgraded version of EIA covers not only environmental issues, but also governance and social impact assessment [10]. In some Asia-Pacific countries, EIA is ratified, but not applied. They only appear on paper. International action is necessary to ensure the enforcement of EIA.

As discussed in HDR, although quantitative measures are handy and useful for international comparison, the assumption that health and education services in all the countries are of the same quality is disputable. In some countries such as Turkey, many universities have been opened in various cities without a sufficient number of staff or facilities. On paper, these institutions are inflating the number of university graduates, but the quality is dubious. Thus, HDI calculations should be supported by more qualitative data such as anecdotal reports or user feedback. In the long run, international credit rating agencies should be established to accreditate and certify health and education institutions to eliminate this grave problem in calculations.

We would like to conclude with a quotation from HDR that presents the main idea of this paper in a nutshell: *"Putting people at the centre of development means making progress equitable, enabling people to be active participants in change and ensuring that current achievements are not attained at the expense of future generations"* (HDR, 2010, p.9).

The objective is clear, the question is "how?" The aim of the second part of this paper was to contribute to the attempt to answer this question. Of course, this can't be answered in a short paper, but it may be considered as one of the multiple starting points that is necessary for the targeted destination.

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