

Introduction

“The success of an economy and of a society cannot be separated from the lives that members of the society are able to lead . . . We not only value living well and satisfactorily, but also appreciate having control over our own lives.”

AMARTYA SEN, *Development as Freedom*, 1999

America’s ability to fulfill its promise as a nation that offers everyone a fair chance relies on broadly shared freedom and opportunity. And today more than ever, raising our standard of living depends upon effective competition in the global marketplace. How are we faring in these two missions?

For too long, we have looked to the Gross Domestic Product (GDP) to answer these and other crucial questions, tacitly equating market growth with progress. In December 2009, home foreclosures were still on the rise, and unemployment was holding steady at nearly 10 percent—only the second time since the Great Depression that the unemployment rate had reached double digits. Yet even as the bottom was falling out for countless American families, GDP was on the rise.

We won’t know the full extent of the damage, the degree to which the recession upended the foundations of daily life for millions of Americans, until at least 2011. Why? Because **while economic indicators—inflation, construction, retail trade, wholesale inventories, commodity prices, and much more—are released at least every quarter, vital signs of human well-being, such as the percentage of babies born with low birth weights or the number of young children living in extreme poverty, are measured annually at best, and released after a two- or three-year delay.**

Thus, we knew in January 2010 how much money Americans spent on their health in the fourth quarter of 2009. But we won’t know how long they were living in 2009—until 2012. We knew in July 2010 how many new houses were built, bought, and sold from April to June 2010. But we won’t know how many families had no home at all until late 2011.

Human well-being depends on the success of the economy, as measured by GDP and other economic indicators. But these indicators tell us only part of the American story—a part that for many reads as a footnote beneath the chapters of

Human development is the process of enlarging people’s opportunities and improving their well-being.

our daily lives. In the chronicling of the American story, the human development approach seeks to shift focus from the financial sphere of growth and profits to the human sphere of opportunity and freedom. Human development is the process of enlarging people’s opportunities and improving their well-being. Human development is dedicated not to how big an economy can swell, but to what ordinary people can do and what they can become. Human development explores the real-world opportunities people have to live in ways they themselves value and freely choose, and the extent to which they are able to realize their potential to the fullest. By placing people at the center of analysis on well-being, this people-centered approach redefines the way we think about and address human—and national—progress.

The human development approach was developed at the United Nations in the late 1980s, born of the frustration that economic progress in developing countries was not translating fully into human progress: healthier children, more literacy, greater political participation, cleaner environments, more widely shared prosperity, or greater freedom. Dr. Mahbub ul Haq, an economist who had worked at the World Bank and served as finance minister in his native Pakistan, developed the approach in response to the human lives he saw “shriveling even as economic production was expanding.”¹ He insisted that while **money and economic growth are essential means to an end, they are not ends in themselves.** Human beings are not inputs to economic growth in his view; rather, the opposite is true. Economic growth is only valuable if it enables more people to live long and healthy lives, more children to go to school, and more women to decide for themselves how to live. To Dr. Haq, the only development end worth seeking is the flourishing of human life.

Under Dr. Haq’s leadership, the first *Human Development Report*, a study of conditions affecting human well-being around the world, was published in 1990. Over the last two decades, the United Nations Development Programme (UNDP) has commissioned and released twenty such global reports.

The American Human Development Project

The American Human Development Project released its first report, *The Measure of America: American Human Development Report 2008–09*, in July 2008, and followed in 2009 with state human development reports for Mississippi and Louisiana, both of which had fared poorly on the 2008–2009 state rankings. A California report is due out in early 2011.

Reports in the American Human Development Report series have spurred a national conversation about access to opportunity among Americans in different parts of the country. In 2010 the Department of Health and Human Services awarded multimillion-dollar grants to develop health-care infrastructure in Jackson, Mississippi, and Fresno, California, based in part on evidence presented in these national and state reports of the obstacles these communities face.

As the human development approach continues to gather momentum in the United States, communities can be expected to leverage these publications to guide business and other investments.

Two Approaches to Understanding Progress in America



Each year, the report takes on a new topic, ranging from climate change and globalization to political participation, gender equality, and cultural diversity. **More than any other product of the United Nations, the Human Development Report series has shaped the global development debate.** It championed the now-unremarkable idea that better lives for people should be the aim of the international community's efforts.

Starting in 1992, developing countries began to adopt this approach, using national human development reports to explore how people were faring in their own countries and to confront sensitive issues—including corruption, AIDS, and economic gulfs between religious or ethnic groups. Researchers in nearly 150 countries have produced national human development reports, leading to impressive results in the policy realm (see **BOX 1**). *The Measure of America: American Human Development Report 2008–2009*—this book's predecessor—was the first such report ever published for an industrialized country (see sidebar on page 13).

BOX 1 National and Regional Human Development Reports

This volume is only the second human development report prepared for the United States—the only affluent country to have a report. But *The Measure of America* has plenty of company: more than seven hundred regional, national, and subnational human development reports have been produced since Bangladesh first established the national model in 1992.

The world over, human development reports serve as a springboard for debate over development priorities, spurring discussion on sensitive development issues and strengthening the capacity of policy makers and citizens to understand and employ data and analysis.²

In **Uganda**, the 2002 national human development report explored the cultural and traditional factors fueling the AIDS epidemic and demonstrated the economic benefits of improved health care for those living with HIV. The report led to a national conference on HIV/AIDS, which in turn resulted in a program to provide universal access to antiretroviral therapy. The 2000 HDR in Botswana had a similar effect, breaking taboos that had hindered awareness and weakened response to the disease. The report paved the way for a national program providing life-saving treatments.

In **Mexico**, the federal government allocates special resources to indigenous municipalities with the lowest Mexican

human development index scores. Antipoverty efforts in the poorest state, Chiapas, are guided using the national HD index.

In **Brazil**, an HD index calculated for the country's five thousand municipalities is a chief mechanism for determining resource allocation, regardless of which political party is in power. During the Cardoso administration, the HD index was used to select states, municipalities, and families for four main federal projects, including one that reached 36 million people living in poverty. Since the start of the Lula administration the index has been used to target social programs for youth and adult education, electricity for all, basic sanitation, food security, and efforts to keep adolescents ages 15 to 17 in school.

The *Arab Human Development Report* series has been an invaluable tool for recognizing sensitive regional issues, such as governance, women's rights, and human insecurity. Regional experts and research institutions write the report, giving it regional legitimacy and opening a window through which the rest of the world can view the region's challenges as understood by the people who live there. Regional and international media highly regard the series, which attracts extensive coverage in the *Economist*, the *New York Times*, and *Time*, and on the BBC, among many other media outlets.

Part I:

Understanding Human Development

The Ideas behind Human Development

THE CAPABILITY APPROACH

The concept of human development rests on a conceptual framework that was derived from Harvard economist Amartya Sen's seminal work on capabilities.³ **Simply put, capabilities determine what a person can do and become. Capabilities shape the real possibilities open to people and determine the freedom they have to lead the kind of lives they want to live.**

Someone rich in capabilities has a full toolkit for making his or her vision of a “good life” a reality. Someone with few capabilities has fewer options, fewer opportunities; for such a person, many rewarding paths are blocked. What we can be and do—our capabilities—are expanded (or constrained) by our own efforts, by our family circumstances, and by the institutions and conditions of our society. Because different people value different things, no comprehensive, universal list of capabilities applies to everyone. In the human development framework, a central concept is the freedom to decide for oneself how to live; a good life is a life of genuine choice. Nonetheless, some basic and widely valued capabilities⁴ include being able to:

- Avoid premature death, live a life of normal length, and enjoy good health and physical safety
- Have access to knowledge, including a formal education
- Have adequate nutrition and shelter
- Have access to public space, and retain the ability to move from place to place freely and without fear
- Enjoy freedom of conscience, religion, and belief
- Be treated and protected fairly by the law
- Participate in decisions that affect one's life and have voice and influence in the democratic process
- Hold property, seek employment, and participate in markets
- Be treated with respect, and enjoy independence and equality
- Form personal relationships and a family
- Enjoy recreational activities and pleasurable experiences

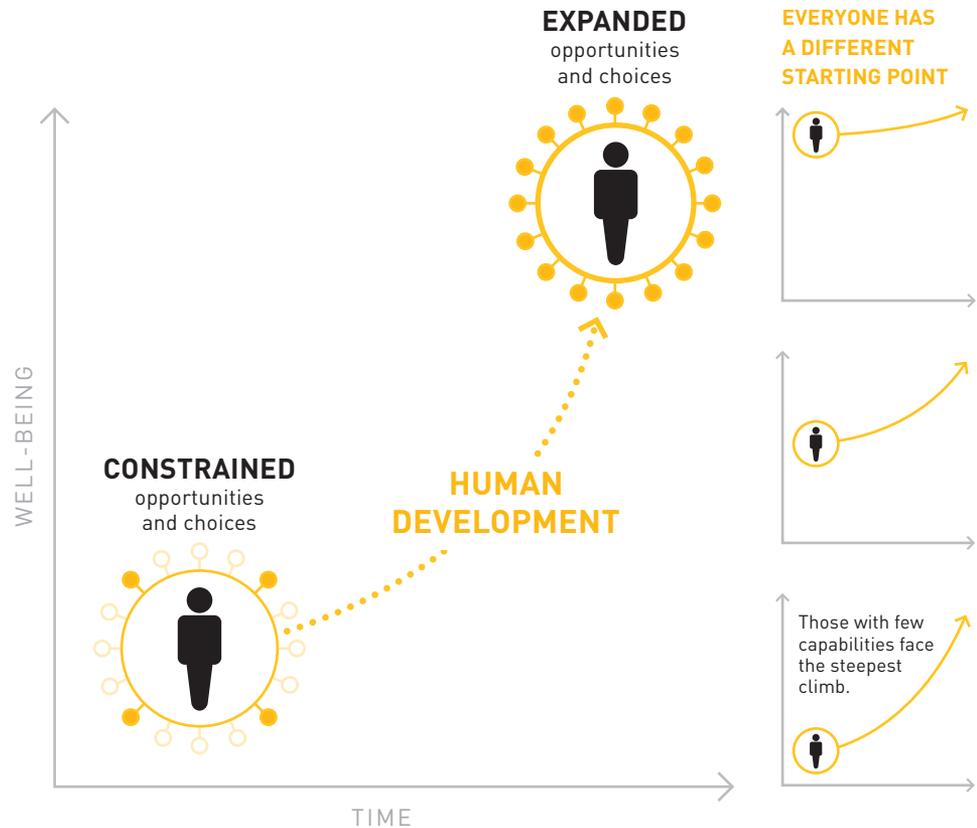


What Is Human Development?

Human development is about the real freedom ordinary people have to decide who to be, what to do, and how to live. These diagrams illustrate the central ideas of human development and visually depict how we measure it using the American Human Development Index.

CONCEPT

Human development is defined as *the process of enlarging people's freedoms and opportunities and improving their well-being.*



JOURNEY

Human development can be understood as a journey. Even before one's life begins, *parents* play a role in setting the trajectory of one's human development. Numerous factors and experiences alter the course of one's journey through life, *helping or hindering* one's ability to live a life of choice and value.



CAPABILITIES

Capabilities—*what people can do and what they can become*—are central to the human development concept. Many different capabilities are essential to a fulfilling life.

Our capabilities are expanded both by our own efforts and by the institutions and conditions of our society.

DIMENSIONS

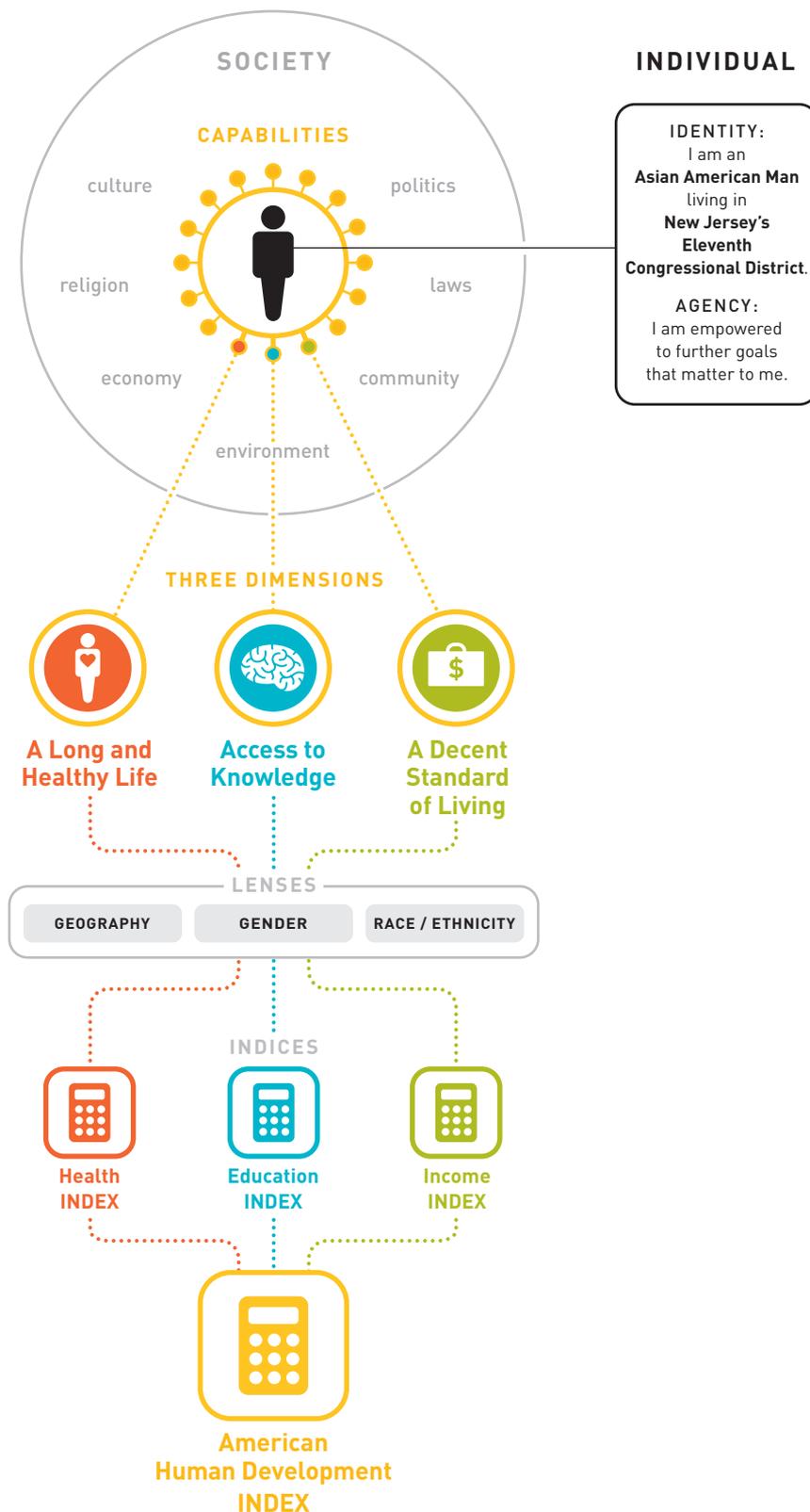
Of all the capabilities, this report focuses in-depth on just *three*, all of which are relatively easy to measure. They are considered core human development dimensions.

LENSES

The results of the American Human Development Index reveal variations among regions, states, and congressional districts; between women and men; and among racial and ethnic groups.

INDEX

The modified American Human Development Index measures the same three basic dimensions as the standard HD Index, but it uses *different indicators* to better reflect the U.S. context and to maximize use of available data. The Index will serve as a *baseline* for monitoring future progress.



The ability to exercise **autonomous choice** depends on the decisions we make, as well as the circumstances into which we are born and raised.

People may value many other things that are not on this list. One person may value the capability to hold political office, for instance, whereas another may value the capability to enjoy personal privacy. And there are capabilities on this list that a person might willingly forgo in pursuit of a different freely chosen objective, such as a religious person who chooses to go without food during a fast. An individual may freely choose to pursue a career like firefighting that heightens one's risk for premature death and thus threatens the most fundamental human capability, to be alive, if service to others is central to that person's vision of what it means to lead a valuable life.

In addition, **not all capabilities are measured easily**. Assessing some, such as adequate housing or access to primary education, can be straightforward. Many others, such as societal respect or feelings of control and agency, are tricky to gauge. But they are no less important.

HUMAN AGENCY

Like all people, Americans differ in which needs they consider most basic, and the goals that they wish to pursue in life. For this reason, the capability approach places strong emphasis on **human agency—people's ability to act, individually or collectively, as agents of change in their own lives to further the goals that matter to them**.

In the United States, agency is considered so important that its denial is one of the most severe punishments doled out by our criminal justice system. Prisoners have their basic needs for food, clothing, and shelter met, yet they are denied the agency to make fundamental decisions for themselves about how to live.

The ability to exercise autonomous choice depends on the decisions we make, as well as the circumstances into which we are born and raised and the institutions that govern our lives. Consider Ana, a 12-year-old girl who wants to play dodgeball after school with her friends on her block. But her parents will not let her play outside in her neighborhood without adult supervision because they fear she may be mugged or worse. Gerry, an extremely overweight man, knows getting to work would be less taxing and finding a girlfriend easier if he could slim down. But with nothing in his neighborhood but fast-food restaurants, no sidewalks or parks nearby, and no spare money to join a gym, getting his weight under control is not at all easy despite his best intentions.

Agency is critical; we bear responsibility for our actions, and absent determination, ambition, and hard work, valuable choices and opportunities are closed to us. Yet individuals are seldom entirely to blame for their failures—or deserving of all the credit for their successes. **Capabilities are expanded or restricted by the circumstances into which we are born and raised, by the conditions in our communities and workplaces, by the decisions and actions of others, and by politics and policies.**

EFFECTIVE FREEDOM

The hard-won formal freedoms that nearly all Americans enjoy today are necessary but not sufficient for developing people's capabilities. Consider a bright teenager whose local high school did not prepare her adequately for college studies and whose family lacks either the resources to pay for college or the knowledge required to navigate the admissions and financial aid process. She has the same formal freedom as a well-educated child of affluent professionals, but she does not have the real-life *effective freedom* to make her college dream a reality. Likewise the would-be entrepreneur whose lack of material assets keeps him from qualifying for a business loan, or the dynamic local leader who is shut out of the formal political process by well-financed special interests—both have the rights to try, but not the opportunities to succeed. President Lyndon Johnson was drawing just this distinction between formal freedom and effective freedom when he said, "We seek not just freedom but opportunity. We seek not just legal equity but human ability, not just equality as a right and a theory but equality as a fact and as a result."

There are always exceptions—a child from meager means who becomes a billionaire—but often they are just that, exceptions. Research shows that straight-A students from poor families go to college at the same rate as academic underachievers from affluent families;⁵ that the U.S. Congress has forty-four times as many millionaires as the general U.S. population;⁶ and that the average wealth of the bottom 40 percent of households is \$2,200.⁷ These statistics reflect what too many Americans experience—while in principle they have the formal freedom and personal ambition to pursue their goals, they lack the effective freedom necessary to achieve them. Avenues of opportunity are closed to them, despite their hard work and big dreams.

PERSPECTIVES ON POVERTY

Poverty rates fell rapidly between 1964 and 1973, but the official poverty rate has yet to fall below that 1973 level since.⁸ For nearly four decades, poverty reduction has stalled. **A significant theoretical advance of the human development and capability approach is a wider definition of poverty that considers the full spectrum of factors, including but not limited to lack of money, that define what it means to be poor.**

Human poverty is the denial of capabilities and opportunities for living a decent life. This definition includes capabilities to have good health, access to knowledge, and a decent material standard of living, but also other capabilities that make life worth living: dignity, self-esteem, fairness in the justice system, and many more. These capabilities are critical to enable people to participate fully in the economic, political, and social life of their communities.

Straight-A students from poor families go to college at the **same rate** as academic underachievers from affluent families.



Thirty-seven percent of single women with children had trouble putting food on the table in 2008.

“By necessities I understand, not only the commodities which are indispensably necessary for the support of life, but whatever the customs of the country renders it indecent for creditable people, even of the lowest order, to be without. A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably, though they had no linen. But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty which, it is presumed, nobody can well fall into without extreme bad conduct. Custom, in the same manner, has rendered leather shoes a necessary of life in England.”

Adam Smith

An Inquiry into the Nature and Causes of the Wealth of Nations, 1776

While many people consider the basic physical necessities (such as food and shelter) of a higher order when addressing poverty, those who experience poverty are as likely to speak about the isolation, powerlessness, and mistrust they feel as they are about lack of money or material things. Often the loss of dignity that accompanies poverty stems from the overall conditions of one's life and a sense of powerlessness to change them. Reducing income poverty is a valuable goal, but the challenges the poor often face in bargaining or having the power and confidence to change their situation can be as insurmountable as material deprivations.

Today, measures used to assess poverty focus on assessing levels of income and consumption. These measures are vital for an objective assessment of income poverty, and they are used almost exclusively to determine eligibility for support in a variety of areas. Human poverty is generally harder to identify and measure than income poverty, but it is no less a burden on poor families and a drain on society.

A second perspective on poverty relates to the concept of **relative poverty**. Accepting that extreme poverty still exists in the United States can collide with our intuitions and daily observations. Except in situations of extreme neglect or abuse, no one starves to death. Emergency rooms are required to provide life-saving care to all comers, primary and secondary school are free, and even most low-income families possess material goods that within living memory were the exclusive privilege of the rich. Newer innovations like cell phones and video games are a fact of life for people up and down the income spectrum.

In fact, however, fundamental material deprivations are actually tragically widespread. While almost no one is dying of hunger, thirty-seven percent of single women with children had trouble putting food on the table in 2008, and 15 percent of U.S. households were unable to afford a nutritionally adequate diet at times.⁹ Some 1.6 million Americans lived in homeless shelters, transitional housing, or on the streets at some point in 2008, and 6 percent of Americans did not get vital medical care because of cost.¹⁰

What it means to be poor or rich is radically different through time and from place to place. In 1945, male life expectancy was sixty-four years. Few would argue that 64 is a ripe old age today. Prior to the 1930s, electrical appliances, from irons to refrigerators, were rare in most homes. That electrical appliances are universal today, however, does not mean that everyone who has one is necessarily rich. The intrinsic relativity of poverty means that there is no bright line one can draw to delineate the boundaries separating the poor and the nonpoor. Even the father of modern economics, Adam Smith, recognized that what is “necessary” is socially and historically contingent (see sidebar). Smith observed that **it is not sufficient to have what we need to survive; we also need to have what is required such that we can walk in public without shame**. For his time, those required items were leather shoes and a linen shirt; for modern Americans, the required item may be a mouth with no visibly missing teeth or knowing how to use the Internet.

Only by considering this broader set of perspectives on poverty can we begin to understand which individuals and groups have the capabilities they need to invest in themselves and their families and to become productive, fulfilled members of society. **A more comprehensive definition of poverty is a requirement for more successful policies to fight poverty.**

Measuring Human Development

THE HUMAN DEVELOPMENT INDEX

The hallmark of the human development approach is the Human Development Index. The human development approach is extremely broad, encompassing the wide range of economic, social, political, psychological, environmental, and cultural factors that expand or restrict people's opportunities and freedoms. But the Human Development Index is comparatively narrow, a composite measure that combines a limited number of indicators of human well-being into a single number.

The HD Index developed for publication by UNDP's annual human development report includes three variables. **The premise is that although a host of variables must be considered to paint a full picture of human well-being and progress, these three encompass the basics: the ability to lead a long and healthy life, to have access to knowledge, and to have a decent material standard of living.** People the world over generally agree that these goals are the minimal set of worthwhile gauges of human progress.

The American Human Development Index is a modification of UNDP's global index. The modifications address some of the limitations of the global index; for instance, one criticism of the UNDP HD Index is that it leaves unanswered questions about the distribution of income within a country, a weakness addressed in the American HD Index by using median personal earnings rather than GDP per capita as a proxy for living standards. The modifications also allow a more nuanced portrait of the variation in well-being within the United States. The global index was designed to apply to more than one hundred countries, from highly industrialized, affluent countries like Norway, Australia, and Iceland to deeply impoverished countries like Afghanistan, Sierra Leone, and Niger, where people can expect to live between forty-three and fifty years, and where more than 60 percent of adults cannot read. The global index must not only encompass an enormous range of conditions, it must also use indicators reliably available for all countries. In the data-rich United States, the choice of indicators is much wider.

The hallmark of the human development approach is the **Human Development Index.**

THE AMERICAN HUMAN DEVELOPMENT INDEX

The modified American Human Development Index measures the same three basic dimensions as the standard HD Index, but it uses different indicators to better reflect the U.S. context and to maximize use of available data (see sidebar and **TABLE 1**). All data come from official U.S. government sources. The most recent year for which data are available is 2008, owing to the typical lag in government publication time of two to three years. (For full details, see the Methodological Notes on page 272.)

Calculating the American Human Development Index

A Long and Healthy Life

is measured using life expectancy at birth, calculated from mortality data from the Centers for Disease Control and Prevention, National Center for Health Statistics 2007, and population data from the CDC WONDER database.

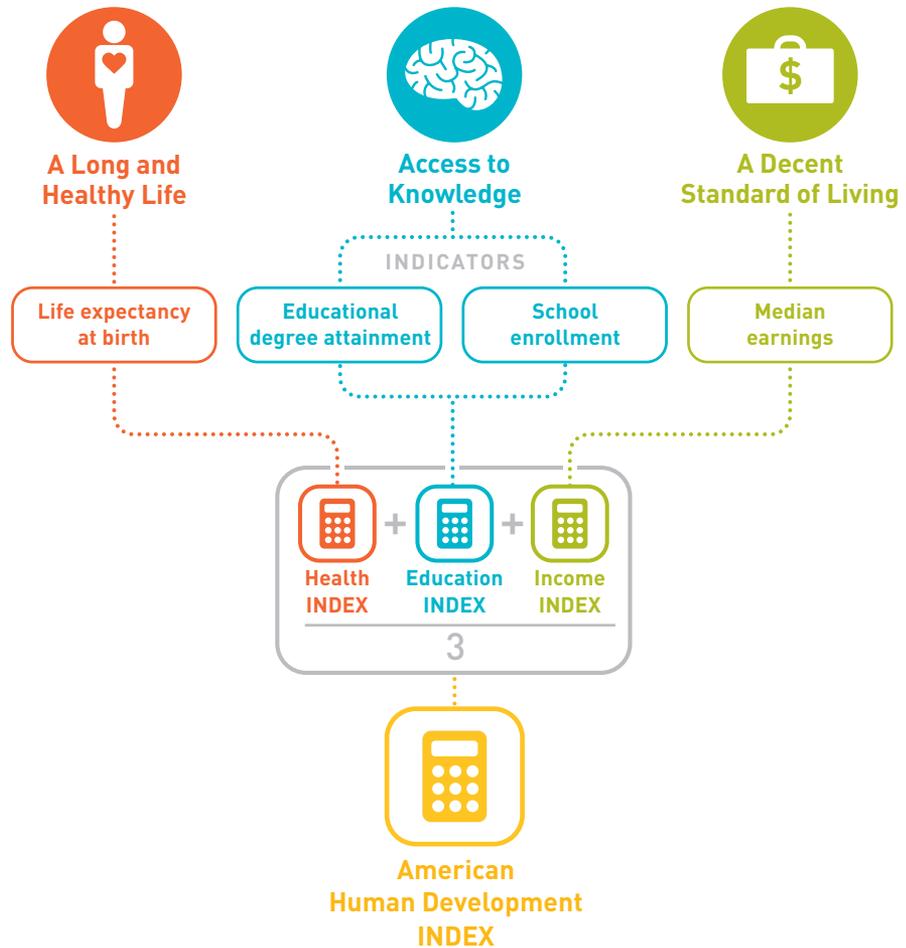
Access to Knowledge

is measured using two indicators: school enrollment for the population age 3 and older, and educational degree attainment for the population 25 years and older. A one-third weight is applied to the enrollment indicator and a two-thirds weight is applied to the degree attainment indicator. Both indicators are from the American Community Survey, U.S. Census Bureau, 2008.

A Decent Standard of Living

is measured using median earnings of all full- and part-time workers 16 years and older from the American Community Survey, U.S. Census Bureau, 2008.

For more details on sources and methods, see the Methodological Notes on page 272.



BOX 2 A Primer on the American Human Development Index

Why do we need an American Human Development Index?

Because national well-being cannot be measured by GDP alone. The American HD Index offers a more comprehensive and nuanced picture of the state of the nation.

What indicators does the American HD Index include?

The American HD Index is a composite measure of three basic areas of human development: health, knowledge, and standard of living. Health is measured by life expectancy. Knowledge is measured by a combination of educational attainment and school enrollment. Standard of living is measured using median personal earnings. All data are from official U.S. government sources.

Why these three components?

Most people would agree that a long and healthy life, access to knowledge, and a decent material standard of living are basic ingredients of a decent life. These are the three ingredients measured by the global HD Index produced by the United Nations Development Programme and by national HD indices in countries ranging from Albania to Zambia, an indication that these core capabilities are universally valued around the world. In addition, measurable, intuitively sensible, and reliable indicators exist to represent these areas.

Can a single indicator measure complex concepts like health, access to knowledge, and standard of living?

People studying large populations use simple, easy-to-collect proxy indicators to represent complex phenomena that cannot be measured directly. Researchers assessing school readiness among children might use as a proxy the number of books in the child's home, or how many shapes and colors she can name. Doctors rely on blood pressure and body temperature as proxies to gauge a person's health. While these proxies hardly

capture the full complexity of a child's knowledge or a person's health, they do reveal some important information. Similarly, for large populations, life expectancy is a generally accepted proxy for health; degree attainment and school enrollment are reasonable stand-ins for the broad and elusive concept of knowledge; and earnings are a valuable indicator of living standards.

How can the American HD Index be used?

The American HD Index is a tool for assessing the relative socioeconomic progress of groups of Americans and of different regions of the country. It provides a snapshot of where different groups stand today and sets a benchmark for evaluating progress in the future. Since the release of the first *Measure of America* in 2008, many philanthropic organizations and social service providers have adopted the Index as a way of assessing need, setting priorities, and tracking change over time. Political officeholders and candidates have used the Index to lobby for resources and to assess conditions. College teachers and students are using the Index in classes on American society. Journalists have used the Index to help readers understand social and economic conditions and to explore opportunity and progress in the United States.

What are the American HD Index's limitations?

The Index does not capture information about important areas of human development beyond health, education, and income. In addition, because some of its indicators do not change quickly, the Index cannot be used to measure the short-term impacts of economic fluctuations or policy changes. Consequently, we have added to this volume a "dashboard" of more sensitive indicators to serve as an early-warning system of extreme deprivation. This Dashboard of Risks can be found on page 34. Like all indicators, composite or otherwise, the Index is only as reliable as the data upon which it is based.

Since the release of the first *Measure of America* in 2008, many organizations have adopted the Index as a way of assessing need, setting priorities, and tracking change over time.

The Index facilitates **critical analysis** of how and why policies succeed or fail, and it helps to **focus attention** on which groups are moving forward and which are falling behind.

TABLE 1 Differences between UNDP HD Index and American HD Index

VARIABLE	AMERICAN HD INDEX—INDICATOR USED	UNDP HD INDEX—INDICATOR USED	REASON FOR MODIFICATION
 <p>A Long and Healthy Life</p>	Life expectancy at birth	Life expectancy at birth	—
 <p>Access to Knowledge</p>	Degree attainment and school enrollment (preschool and above)	Adult literacy and school enrollment (elementary school and above)	<ul style="list-style-type: none"> • Adult literacy is not sufficiently demanding for an advanced industrialized nation, shows little variation, and is not collected systematically in the United States. • Quality preschool education serves a vital function for cognitive, emotional, and social development.
 <p>A Decent Standard of Living</p>	Median personal earnings	Gross Domestic Product per capita	<ul style="list-style-type: none"> • Refocuses attention from market activity to the wages of a typical worker. • Enables analysis of different access to income between men and women. • Allows comparisons among states and congressional districts as well as among racial and ethnic groups.

See Methodological Notes for more details.

Policymakers, researchers, and the general public today have access to a wealth of reliable data on social, political, environmental, and economic indicators of conditions in the United States. These indicators are invaluable for exploring the multifaceted dimensions of societal well-being, and for tracking progress in specific areas. Yet a composite index that weaves these separate strands of data into a straightforward, easily grasped barometer of well-being is essential. Such an index enables a common frame of reference for political and policy discussions. The American Human Development Index provides such a barometer.

Because its indicators are comparable across geographic regions and over time, the American Human Development Index permits apples-to-apples comparisons from place to place and from year to year. The American Human Development Index facilitates critical analysis of how and why policies succeed or fail, and it helps to focus attention on which groups are moving forward and which are falling behind. The Index thus enables broader analysis of the interlocking factors that fuel advantage and disadvantage, create opportunities, and determine life chances.

BOX 3 Racial and Ethnic Categories in *The Measure of America 2010–2011*

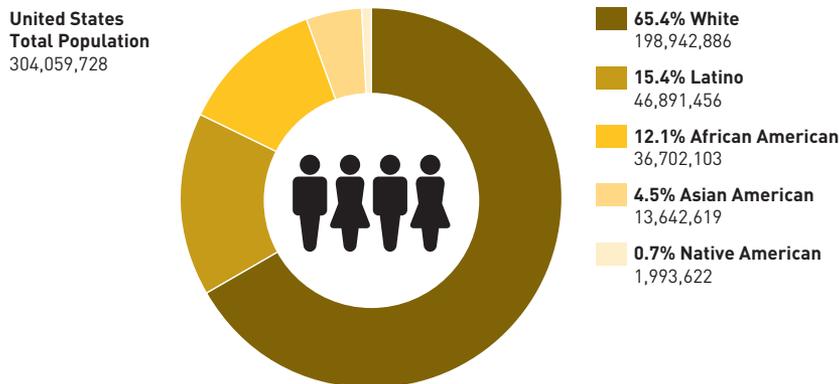
The chapters that follow present the American HD Index by state, congressional district, metropolitan area, racial and ethnic group, and gender. Presenting the Index by geography is relatively straightforward. Presenting it by racial and ethnic groups presents a number of challenges.

The White House Office of Management and Budget (OMB) sets guidelines for the categorization of people by race and ethnicity in government data, and both the U.S. Census Bureau and the Centers for Disease Control and Prevention—the two data sources from which the American HD Index is calculated—follow these conventions. The OMB guidelines include five major racial groups (American Indian or Alaska Native; Asian; Black or African American; Native Hawaiian or Other Pacific Islander; and White) and two ethnicities (Hispanic or Latino; and Not Hispanic or Latino).¹¹ Although the OMB recognizes Native Hawaiians and Other Pacific Islanders separately from Asians, this group is too small (approximately 0.1 percent of the population)¹² to enable the calculation of

reliable life expectancy estimates.

Regrettably, this report is thus unable to provide full data on Native Hawaiians and Other Pacific Islanders.

For simplicity, in this report the names of racial and ethnic groups have been abbreviated in accordance with common usage. People who identify themselves as “Black or African American” in Census Bureau surveys are referred to as African American; people who identify as “White” and “Not Hispanic or Latino” are referred to as white, while people who identify as “White” and “Hispanic or Latino” are referred to as Latino.¹³ Additionally, the term “Native American” in this report refers to both American Indians and Alaska Natives. This report does not specifically address the human development levels of people who identify as “two or more races” or “some other race,” categories that are extremely internally diverse. **FIGURE 1** presents the names and population counts of the racial and ethnic groups to which this report refers.

FIGURE 1 U.S. Population by Racial and Ethnic Group, 2008

Source: U.S. Census Bureau, American Community Survey, 2008 One-Year Estimates. In 2008, an additional 5,186,219 people (1.7 percent) identified as two or more races, and 701,823 (0.2 percent) identified as some other race.

These categorizations are clearly imperfect, masking enormous differences within groups, an issue that is discussed further in the next chapter.

SUBJECTIVE MEASURES OF WELL-BEING: HAPPINESS AND LIFE SATISFACTION

“There are no conditions of life to which a man cannot get accustomed, especially if he sees them accepted by everyone around him.”

Leo Tolstoy (*Anna Karenina*, 1877)



Research into subjective well-being has consistently demonstrated what common wisdom has told us all along: **money does not necessarily buy happiness.**

The American HD Index assesses the well-being of different populations by looking at observed outcomes in health, education, and income. The HD Index is therefore a measure of objective well-being.

Another approach to gauging well-being is to ask people how satisfied they are with their lives. These subjective well-being measures have gained traction in recent years. Using public opinion polls such as the General Social Survey¹⁴ in the United States and the World Values Survey¹⁵ and the Gallup World Poll¹⁶ internationally, social scientists have collected data on happiness and life satisfaction. Composite indexes like the Happy Planet Index have incorporated objective measures of environmental impact and life expectancy with subjective measures of life satisfaction to measure the average years of “happy” life enjoyed in any given place per unit of natural resources consumed.¹⁷

These measures and others have yielded some fascinating observations about how people assess their own lives. However, they can also lead to some counterintuitive conclusions that deserve more careful scrutiny.

Though most people want (or think they want) to be richer, the impressive increase in material well-being most Western countries experienced in the last sixty years has not let loose a deluge of happiness; reported happiness has remained virtually the same during this period.¹⁸ Research into subjective well-being has consistently demonstrated what common wisdom has told us all along: money does not necessarily buy happiness.¹⁹ Living in a developed nation increases subjective well-being, but gains in income within developed nations do not necessarily increase levels of happiness.²⁰ It would be a mistake to conclude, however, that having access to basic material resources is unnecessary for well-being. In fact, one interpretation of the Easterlin Paradox (named for the economist who established this inconsistent relationship between money and happiness) is that material resources increase happiness up to the point at which people can meet their basic needs. Beyond a certain minimum threshold, the relationship between further increases in money and happiness tails off.²¹

A second example of self-perceptions of well-being that can run contrary to intuition is related to life-changing events. Some research suggests that people’s responses to these events are remarkably fluid and adaptable. For example, people who experience a disabling accident tend to rebound to a baseline level of happiness within a few months. The same feature tends to hold for people who experience positive events: lottery winners experience

an initial surge of exuberance, only to fall back to their prelottery state of mind not long thereafter.²² Despite this return to equilibrium, it is difficult to say that, all things being equal, an accident victim and a lottery winner have the same opportunities at their disposal.

A related notion is the idea that people curb their expectations in response to the limits around them. The query, “Are you happy?” begs the question, “Compared to what or whom?” Adaptation coupled with the natural tendency of people to compare themselves to those closest to them—H. L. Mencken famously said that wealth is an annual income at least one hundred dollars more than the income of one’s brother-in-law—suggests that a positive assessment may simply be the result of being resigned to one’s lot, with little apparent possibility of change, and the conviction that others nearby are in even worse shape.

Other research has revealed some curious mismatches between objective and subjective states of well-being. For example, a widely cited 2008 study across several countries found that people’s satisfaction with the state of their health and with their lives in general showed little correlation to actual health data on life expectancy or HIV/AIDS prevalence.²³ A 2009 study of happiness in U.S. states found that people express higher life satisfaction in certain states where levels of educational attainment, life expectancy, and income are lowest; people in certain states with higher levels of these objective features expressed lower degrees of happiness.²⁴ Indeed, if policymakers were to allocate resources to states according to a happiness quotient, they might find themselves providing more funds to relatively wealthy states at the expense of relatively poor ones.

The Declaration of Independence asserts the right to life, liberty, and the pursuit—though not necessarily the achievement—of happiness. The qualification of happiness underscores the elusive nature, and relativity, of happiness.

Researchers continue to debate how best to study and draw conclusions about happiness and life satisfaction and about what drives people to feel better or worse about their lives. This is not a focus of the American HD Index. The Index attempts to approximate the capabilities, choices, and opportunities that different groups of people have using objective data. To what extent people are able to convert those resources into happiness is a vital, but ultimately separate, question.

The Declaration of Independence asserts the right to life, liberty, and the **pursuit**—though not necessarily the **achievement**—of happiness.

Part II:

Reducing Risks, Increasing Resilience

A set of major recent incidents, including 9/11, the catastrophic impacts of Hurricane Katrina, the financial crisis, and the BP oil spill, compel us to consider threats as well as opportunities, particularly the pervasive perils and often-preventable reversals in our everyday lives that thwart progress in well-being and the expansion of opportunity for all.

This volume focuses on the theme of risks and resilience.

While every generation arguably views the threats it faces as uniquely hazardous, new complexities of today's world arguably call for a wider understanding of and appreciation for protection and prevention.

The first volume of *The Measure of America* series focused chiefly on introducing the human development idea to a U.S. audience. Beginning with this volume, we address questions of human development in the context of a single theme central to American economic and social life. This volume focuses on the theme of **risks and resilience**. In the following chapters, we look at pervasive threats to human well-being in the United States: events and conditions that chronically hamstringing the development of fundamental capabilities, as well as those that erode the capabilities that people already have. The report deals with risks and resilience within the framework of the three basic dimensions of human development measured by the Index: a long and healthy life, access to knowledge, and a decent material standard of living.

Capabilities are, in essence, the tools that a person can employ in a freely chosen life of value. Human development is about *expanding* those capabilities, thus maximizing a person's real-world freedom to *decide* for herself what to be and do in her life. But **expansion requires safeguarding the capabilities we already have and overcoming barriers in order to gain capabilities we lack.**

FIGURE 2 Understanding Risks and Resilience: The Tale of Meg and Dawn

SCENARIO 1:

Meg

Meg owns a store that sells hiking and camping gear. She lives in Boulder, Colorado.



1

Meg has many capabilities.



2

When a recession threatens Meg's well-being, her capabilities help her weather shocks; she is resilient.



3

Meg bounces back and resumes her life as normal.



SCENARIO 2:

Dawn

Dawn works in a high school cafeteria. She lives in Cape Girardeau, Missouri.



1

Dawn has fewer capabilities and more risk factors.



2

When a recession threatens Dawn's well-being, she is less resilient and less able to weather shocks.



3

Dawn has a harder time bouncing back.



Preventing, mitigating, and helping people cope with sudden threats are prerequisites for human development.

Safeguarding the Capabilities We Have

When the August 29, 2005, breach of the Seventeenth Street Canal levee sent the waters of Lake Pontchartrain coursing through New Orleans, the people trapped on rooftops were not investing their energies in furthering their educations, building secure livelihoods, or saving for retirement; they were just trying—literally—to keep their heads above water. Families whose jobs and savings vanished when the economy crashed in late 2007 shifted their focus from the future to the immediate present, from investing in a better tomorrow to making ends meet day-to-day. As this book goes to press, millions of gallons of oil are gushing into the Gulf of Mexico daily, a result of a calamitous drilling rig explosion just off the fragile Louisiana coast. Eleven men perished. Fisherfolk, those in the tourism industry, coastal residents, and others whose livelihoods and way of life depend on the unique ecosystems of the Gulf Coast could only watch helplessly as one of the worst environmental disasters in American history imperiled family and community capabilities generations in the making.

Preventing, mitigating, and helping people cope with sudden threats, whether they result from human actions, forces of nature, or a combination of the two, are prerequisites for human development. **When the vital core of survival, livelihood, and dignity are at risk, human development ceases.** Thus, if we as a society are concerned with expanding opportunity, we must be equally concerned with preempting threats before they materialize and mitigating the effects when catastrophe strikes.

Human development does not move in only one direction; it can stall or even reverse course under trying circumstances. Thus, to advance human development we must *safeguard* capabilities from critical and pervasive threats—particularly those capabilities fundamental to survival, basic health, and bodily integrity; to achieving enough knowledge to participate meaningfully in economic, political, and social life; and to sustaining a minimal standard of living that affords the material necessities for a dignified life. **Human development calls for, as Nobel Laureate Amartya Sen puts it, “growth with equity.” But it also requires “downturns with security.”**

Overcoming Barriers to Access

Few Americans emerged from the Great Recession of 2007–09 unscathed. Carefully incubated nest eggs cracked as stock markets sank and corporate giants collapsed. Unemployment and underemployment reached alarming levels from which they have only begun to recede, and some of the impacts on the labor market may linger for years to come. Just as the private sector furiously jettisoned costs—often in the form of employees—to keep business afloat, so did the public sector reduce services and cut programs. States slashed budgets for health care and education. Hospitals shut their doors; public schools shed teachers; community colleges and state universities hiked tuitions.

Although everyone felt the effects of this national crisis, some people came out of the battle unbowed while others slipped into debilitating poverty. With rare exceptions, those who weathered the downturn with security benefited from access to fundamental capabilities prior to the collapse. Those with access to health insurance could by and large obtain the medical services they needed, while many uninsured were forced to make untenable choices between groceries and health care. In the fourth quarter of 2009, a shocking 18.2 percent of American workers were either unemployed or underemployed. Among workers with graduate degrees, the rate was 7.1 percent. But among workers without a high school diploma or its equivalent, the rate of un- and underemployment was an astounding 35.1 percent—five times higher.²⁵ **Workers in the bottom 10 percent of income distribution faced an unemployment rate of 31 percent at the end of 2009**, ten times higher than the rate of workers in the top 10 percent of earners (3.2 percent).²⁶

Few have capabilities so extensive as to inoculate them against all risks, financial or otherwise. **But people who have already secured access to fundamental capabilities stand a better chance of weathering shocks and maintaining an upward trajectory through life.** In the United States, people who escape the risks of premature death and chronic disease, attain at least a high school education, and earn income at or above the median tend to have capabilities on which they can draw in hard times. Expanding access to such capabilities will make more people more resilient. But such expansion requires that we remove barriers to achieving basic access.

For some fifteen years, under the rubric of “**human security**,”²⁷ scholars, statesmen, and experts in foreign policy have explored ways to reduce risks to human populations and to build resilience against threats. The idea of human security focuses not on the security of the state but on the security of individuals within the state, emphasizing human freedom as well as human life. Some development economists have termed efforts to mitigate risks from globalization and other forces “**social risk management**.”²⁸ Social risk management applies concepts from business management and engineering to economic and social

Unemployment/ underemployment, October–December 2009



7.1%

of workers
with
graduate
degrees



35.1%

of workers
without
high school
degrees

Workers in the bottom ten percent of the income distribution faced an unemployment rate of thirty-one percent at the end of 2009.

Human development is concerned not only with the aspirations, needs, and rights of humankind but also with the fears of humankind.

conditions, focusing on ways to avert threats and reduce vulnerability to poverty.

If human development is understood as *people's freedom to*—to choose what to do and who to be—human security and social risk management can be understood as *people's freedom from*—from fear and want, from violations of rights, and from chronic and sudden threats to life and livelihood. These concepts are embedded in canonical national and international pronouncements on social protection, from President Franklin D. Roosevelt's "Four Freedoms" address to Congress to the call in the Universal Declaration of Human Rights for freedom from fear and freedom from want.

The richness of rhetoric and universality of thought on human security and social risk management underscore the intuitive power of the desire to protect individuals from harm or the threat of harm. Human development is people-centered and multidimensional, and concerned not only with the aspirations, needs, and rights of humankind but also with the fears of humankind.

This second volume of the American Human Development Report series evaluates both **increasing** human development by expanding the capabilities we have, and **protecting** human development by safeguarding existing levels of achievement and removing barriers to the realization of core capabilities. This volume focuses on risks to building lives of choice and on how to prevent, mitigate, and cope with risks by fostering greater resilience.

This report restricts its analysis to societal risks that are severe, frequent, and pervasive. (Terrorism, pandemics, and the like are beyond the scope of this discussion.) The chapters that follow analyze how risks are distributed across the American population. Risks to health are explored chiefly with regard to variations in vulnerability among racial and ethnic groups as well as between men and women. Given the role of state and local governments in education, risks to access to knowledge are conceived largely in geographic terms. The chapter on income examines vulnerability over the life cycle, since people of different age groups face different risks to their standard of living.

Conclusion

Human development is an expansive, hopeful concept that values, above all, human freedom—the freedom of women and men to decide for themselves what to do and who to become. Real, effective freedom

- Rests on legally enshrined, formal freedoms;
- Is expanded or constrained by people’s capabilities—the tools or equipment they have for living a life of choice and value;
- Requires that women, men, and children have security in their daily lives—that they are protected from grave threats to their lives, livelihoods, dignity, and freedom, whether sudden or chronic.

An expansive vision of human development rests on a stable foundation. A person who feels that the underpinnings of her life might give way at any moment cannot plan, invest, or build. Prevention is nearly always less costly, more effective, and more humane than intervention after a crisis takes hold. While some catastrophes cannot be prevented, we can always try to prepare for them.

This second volume of the American Human Development Report series explores what the American HD Index reveals about the distribution of effective freedom, opportunity, and well-being in the United States today. It then examines in greater depth the three subcomponents of the American HD Index—the Health Index, the Education Index, and the Income Index—and discusses the chief reasons that different groups of Americans experience such strikingly different outcomes across these fundamental domains of human well-being. An exploration of the most severe and pervasive risks that imperil the basic capabilities of Americans in general as well as those of Americans of different geographic areas, racial and ethnic groups, age groups, and sexes is central to each chapter.

This book concludes with a **set of recommendations** for priority actions required to improve scores on the American HD Index across the board, to close the gaps that separate groups, and to build the resilience of people against the inevitable vicissitudes of life and the sudden, severe shocks that destroy capabilities years in the making. **Throughout history, difficult times are often those periods during which new ideas and extraordinary leadership can yield long-lasting solutions. It is our hope that this work can contribute to these ideas and help to illustrate the American story with a greater understanding of the opportunities and constraints of ordinary people. After all, they are the real wealth of our nation.**

The following pages contain a “Dashboard of Risks” with ten indicators that signal direct threats to human development progress. Each chapter contains a mapping of the top and bottom states at risk in the relevant indicators.

Prevention is nearly always less costly, more effective, and more humane than intervention after a crisis takes hold.