

PART 1

Understanding Human Development

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

The human development model emphasizes the everyday experience of ordinary people, including the economic, social, legal, psychological, cultural, environmental, and political processes that shape the range of options available to us.

Introduction

Shared Aspirations and Values: The American Dream

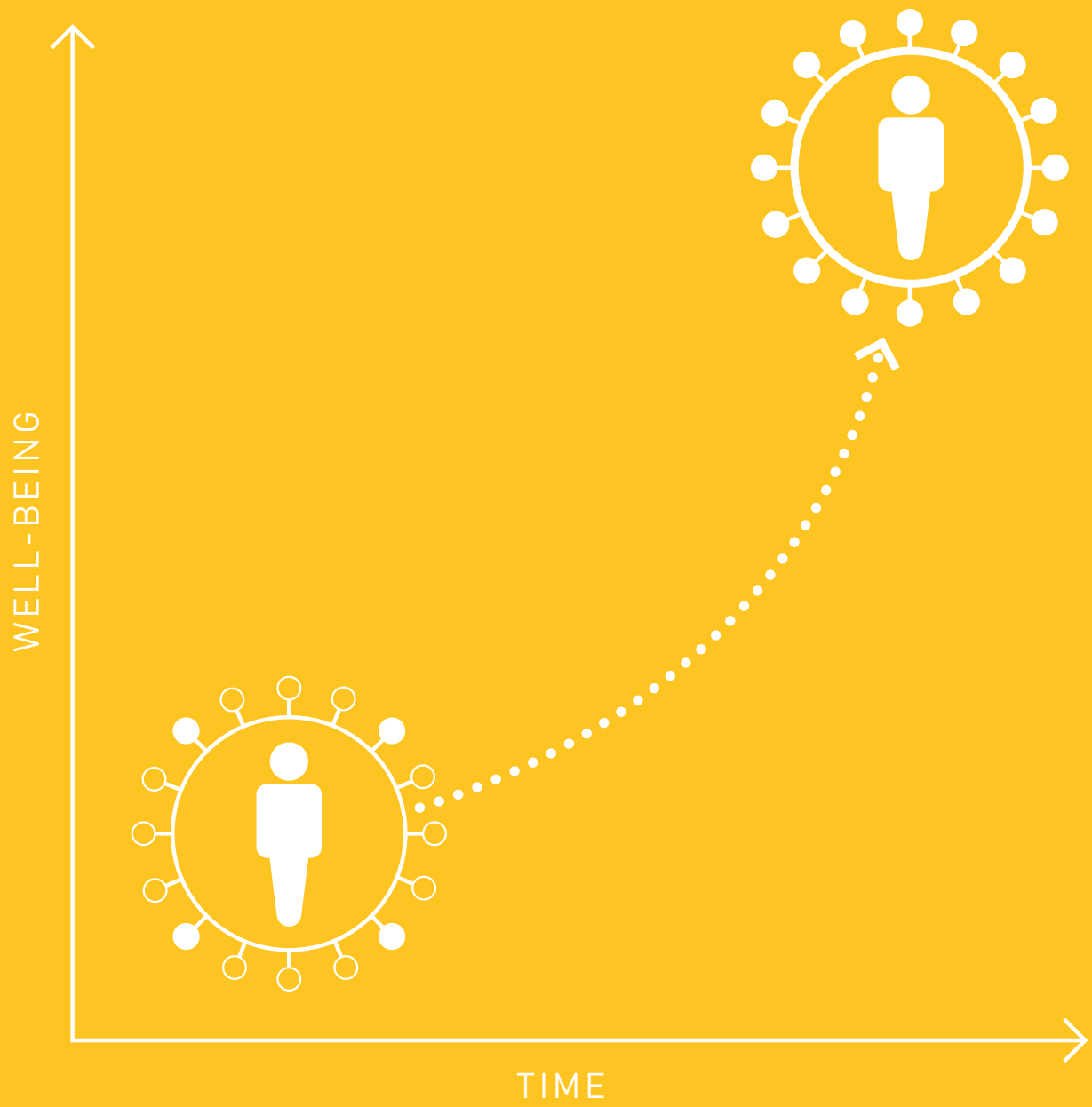
Capabilities in the United States

Human Poverty

Human Security

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Introduction

“Human development is concerned with what I take to be the basic development idea: namely, advancing the richness of human life, rather than the richness of the economy in which human beings live, which is only a part of it.”

AMARTYA SEN, Nobel Laureate, 1998

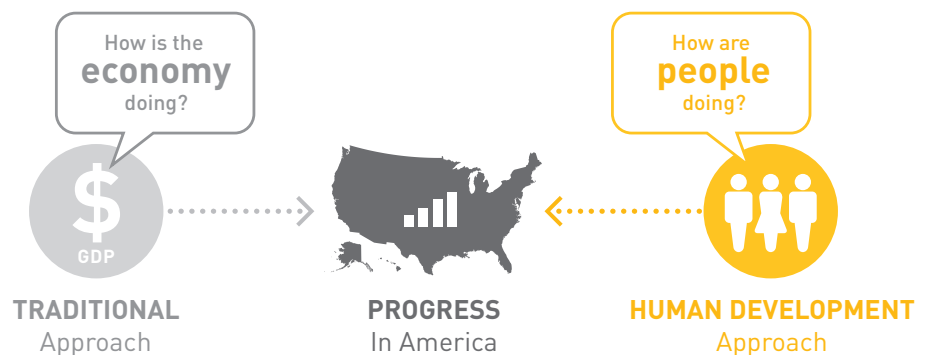
The Human Development Report

Commissioned by UNDP since 1990, the *Human Development Report* is an authoritative source on global development issues and a valued public policy tool. The *Human Development Report* is not widely known in the United States, but in some parts of the world, the report and its Human Development Index are household words. In Brazil, the HD Index has become such a staple of national development debates that a Brazilian television broadcast of World Cup soccer displayed the HDIs of all the countries competing.

Countries worldwide have embraced an idea that captures key dimensions of national well-being in one framework: human development. The human development concept was developed by economist Mahbub ul Haq. At the World Bank in the 1970s, and later as minister of finance in his own country, Pakistan, Dr. Haq argued that **existing measures of human progress failed to account for the true purpose of development—to improve people’s lives**. In particular, he believed that the commonly used measure of Gross Domestic Product failed to adequately measure well-being. Working with Amartya Sen and other gifted economists, in 1990 Dr. Haq published the first *Human Development Report*, which had been commissioned by the United Nations Development Programme.

The human development model emphasizes the **everyday experience of ordinary people**, including the economic, social, legal, psychological, cultural, environmental, and political processes that shape the range of options available to

Two Approaches to Understanding Progress in America



us. This approach soon gained support as a useful tool for analyzing the well-being of large populations. In addition to the global *Human Development Report* that comes out annually, more than five hundred national and regional reports have been produced in the last fifteen years, with an impressive record of provoking public debate and political engagement (see sidebars).

The *American Human Development Report 2008–2009* is the first to use this well-honed international approach to assess living standards in a wealthy, developed nation. Like previous reports, it includes a Human Development Index (see page 162). While the report is far-reaching, the index measures just three factors: life expectancy, as a key indicator of health; school enrollment and educational attainment, as a measure of access to knowledge; and earned income, as a measure of material well-being. All three components—longevity, knowledge, and income—are valued by people the world over as building blocks of a good life. In the Human Development Index (HD Index), all three are weighted equally.

The human development approach seeks a holistic measure of a country's progress. In the United States, the state of the nation is often expressed through Gross Domestic Product, daily stock market results, consumer spending levels, and national debt figures. But these numbers provide only a partial view of how we are faring. This report offers an alternative: **a first-ever American Human Development Index**, which combines key human-centered indicators into a single figure. While data are plentiful on the extremes of affluence and deprivation in the United States, the American Human Development Index (page 162) provides a single measure of well-being for all Americans, disaggregated by state and congressional district, as well as by gender, race, and ethnicity. The report also contains a host of useful data on economic, social, political, military, and environmental issues, enabling ordinary citizens to assess the state of the nation in a more comprehensive manner, using apples-to-apples comparisons. This information can be found in the tables in the back of the book.

The data included in the American Human Development Index will help us understand variations among regions and groups. It is a snapshot of America today. Moreover, the index will serve as a baseline for monitoring future progress. In a number of countries, the Human Development Index is now an official government statistic; its annual publication inaugurates serious political discussion and renewed efforts, nationally and regionally, to improve lives.

The United States is a country of unparalleled opportunity and personal freedom. We have vast natural resources, efficient institutions, tremendous ingenuity, a rich democratic tradition, and great prosperity. In the past half century, America has become a far more just and inclusive nation. The civil rights and women's movements enlarged the landscape of choices and chances available to millions of Americans, giving them greater freedom to decide what to do and who to become, enabling them to invest in themselves and their families, and allowing the country as a whole to benefit from a hugely expanded pool of talent.

National and Regional Human Development Reports

Developing nations from Afghanistan to Zimbabwe have adapted the global report methodology to assess progress within their own countries and regions.

The *Arab Human Development Report* series has challenged the status quo in such areas as women's empowerment, freedom, and knowledge. In response, a half dozen Arab countries partnered with Microsoft to train tens of thousands of boys and girls in the use of Internet technologies.

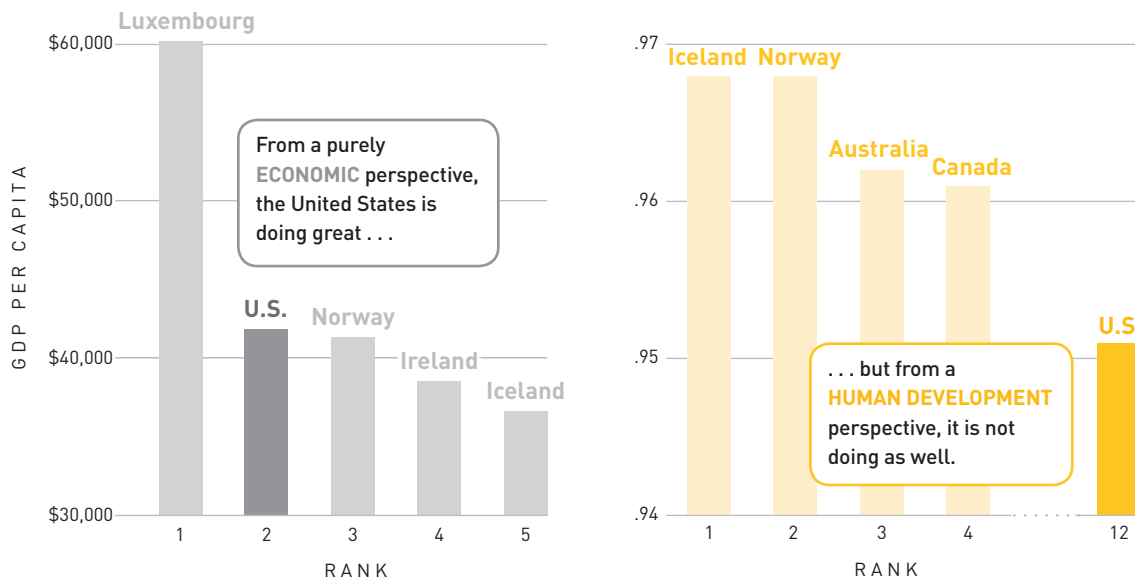
As a direct result of the **Botswana** 2000 national *Human Development Report*, which broke the nation's taboo on public discussion of AIDS, Botswana's president announced that the government would provide free antiretroviral drugs to every HIV-positive citizen. At the time, more than three in ten working-age adults were HIV-positive.

In **Brazil**, a Human Development Index is published for each of the country's more than five thousand municipalities. These indices have reshaped the way in which the federal budget is apportioned. Low-HD Index communities now receive targeted assistance through educational scholarships, improved water and sanitation facilities, support to family farms, and more. Private firms have used the HD Index to site manufacturing plants.

Yet despite great progress and the unmatched resources at our disposal, **the United States is still beset by challenges that undermine the capacity of many Americans to realize their full potential.** The United States ranks second in the world in per-capita income (behind Luxembourg), but thirty-fourth in survival of infants to age one.¹ If we were as successful in infant survival as number-one-ranking Sweden, another twenty-one thousand American babies born in 2005 would have lived to celebrate their first birthdays. We rank forty-second in global life expectancy and first among the world's twenty-five richest countries in the percentage of children living in poverty—exerting a drag on the prospects and futures of roughly one in six American girls and boys.²

Comparisons among different groups of Americans reveal much about who is being left out of improvements in health, education, and living standards: African American babies are two and a half times more likely to die before age one than white babies; Latinos are twice as likely to drop out of high school as African Americans and almost four times more likely to drop out than whites; and the earnings of American women are about two-thirds of men's earnings.

FIGURE 1.1 Income and Human Development in the U.S. and Select Countries, 2005



From a purely economic perspective, the United States is doing great; it ranks second among 177 countries in per-capita income. But from a human development perspective, it is not doing as well, occupying the 12th position overall, according to the global Human Development Index, published annually by the United Nations Development Programme. Each of the 11 countries ahead of the United States in the HD Index ranking has a lower per-capita income than does the United States, but all perform better on the health and knowledge dimensions.

Source: UNDP, *Human Development Report 2007/2008*.

Comparisons with affluent nations reveal some awkward truths. First, others have achieved better outcomes in many vital areas, including infant mortality and longevity, than we have. Second, they have achieved superior results with less spending per capita. This report explores some of those disparities. It also raises questions about the status of significant numbers of Americans whose opportunities are constrained by poor health, inadequate education, limited employment prospects, social and political exclusion, and economic insecurity.

American history is in part a story of expanding opportunity to ever-greater numbers of citizens. Practical policies such as the GI Bill, which opened the gates of higher education and expanded home ownership, and Social Security, Supplemental Security Income, and Medicare, which provide income and health security to the elderly, have allowed more Americans to realize their potential for a good life. This report introduces a new tool and framework for measuring and analyzing well-being and human progress that can be used to build upon these policy successes of the past, and to create an infrastructure of opportunity that serves a new generation of Americans.

FIGURE 1.2 Top-Ranked Countries in Human Development, 1980–2005

1 Switzerland	1 Canada	1 Canada	1 Norway	1 Norway	1 Iceland
2 U.S.	2 U.S.	2 U.S.	2 Canada	2 Sweden	2 Norway
3 Iceland	3 Switzerland	3 Iceland	3 Sweden	3 Australia	3 Australia
4 Norway	4 Norway	4 Japan	4 Netherlands	4 Netherlands	4 Canada
5 Canada	5 Iceland	5 Switzerland	5 Australia	5 Iceland	5 Ireland
6 Japan	6 Japan	6 Netherlands	6 U.S.	6 Canada	6 Sweden
7 Netherlands	7 Netherlands	7 Norway	7 Belgium	7 Switzerland	7 Switzerland
8 Denmark	8 Sweden	8 France	8 Japan	8 Belgium	8 Netherlands
9 Sweden	9 Denmark	9 Finland	9 UK	9 U.S.	9 Japan
10 France	10 France	10 Sweden	10 Switzerland	10 Japan	10 Finland
11 Belgium	11 Finland	11 Belgium	11 France	11 Finland	11 France
12 Australia	12 Belgium	12 Austria	12 Iceland	12 France	12 U.S.
1980	1985	1990	1995	2000	2005

America's score on the global Index increased steadily over the last twenty-five years but other countries have progressed more quickly. As a result, the United States dropped from **number 2** in 1980 to **number 12** in 2005, falling behind peer nations that have been more efficient in transforming income into positive health and education outcomes.

Source: UNDP, *Human Development Report 2007/2008*.

The OECD

Use of the terms "rich," "wealthy," "affluent," or "industrialized" countries refers to the thirty countries that make up the Organization for Economic Co-operation and Development (OECD). OECD countries include:

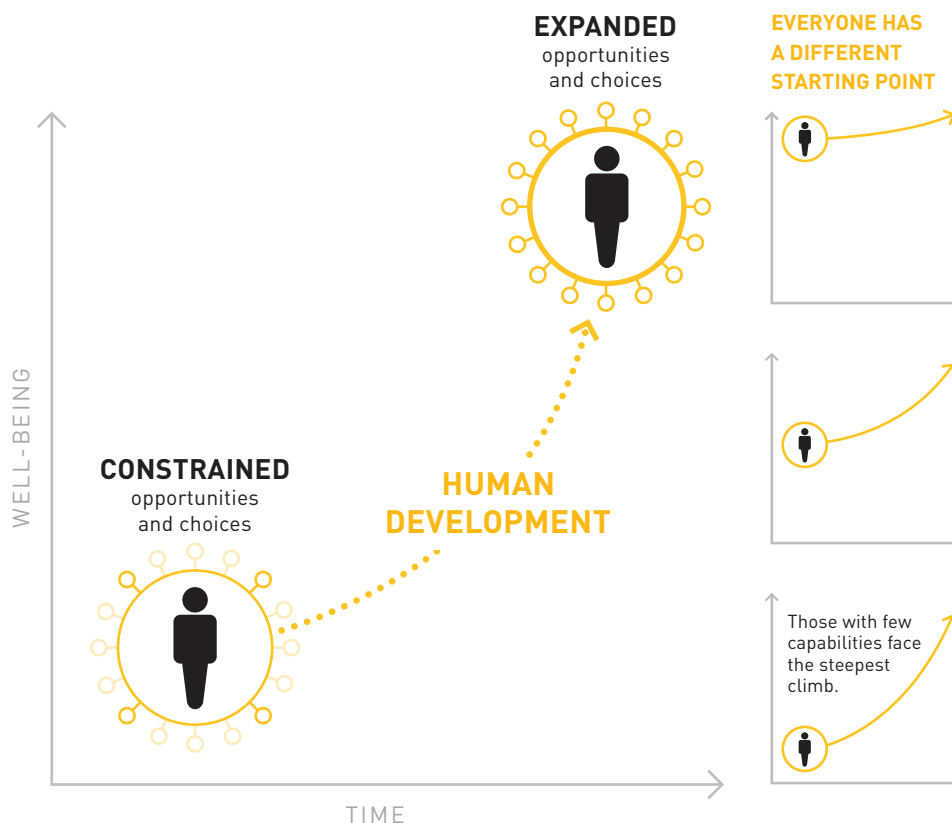
Australia
Austria
Belgium
Canada
Czech Republic
Denmark
Finland
France
Germany
Greece
Hungary
Iceland
Ireland
Italy
Japan
Korea
Luxembourg
Mexico
Netherlands
New Zealand
Norway
Poland
Portugal
Slovak Republic
Spain
Sweden
Switzerland
Turkey
United Kingdom
United States

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

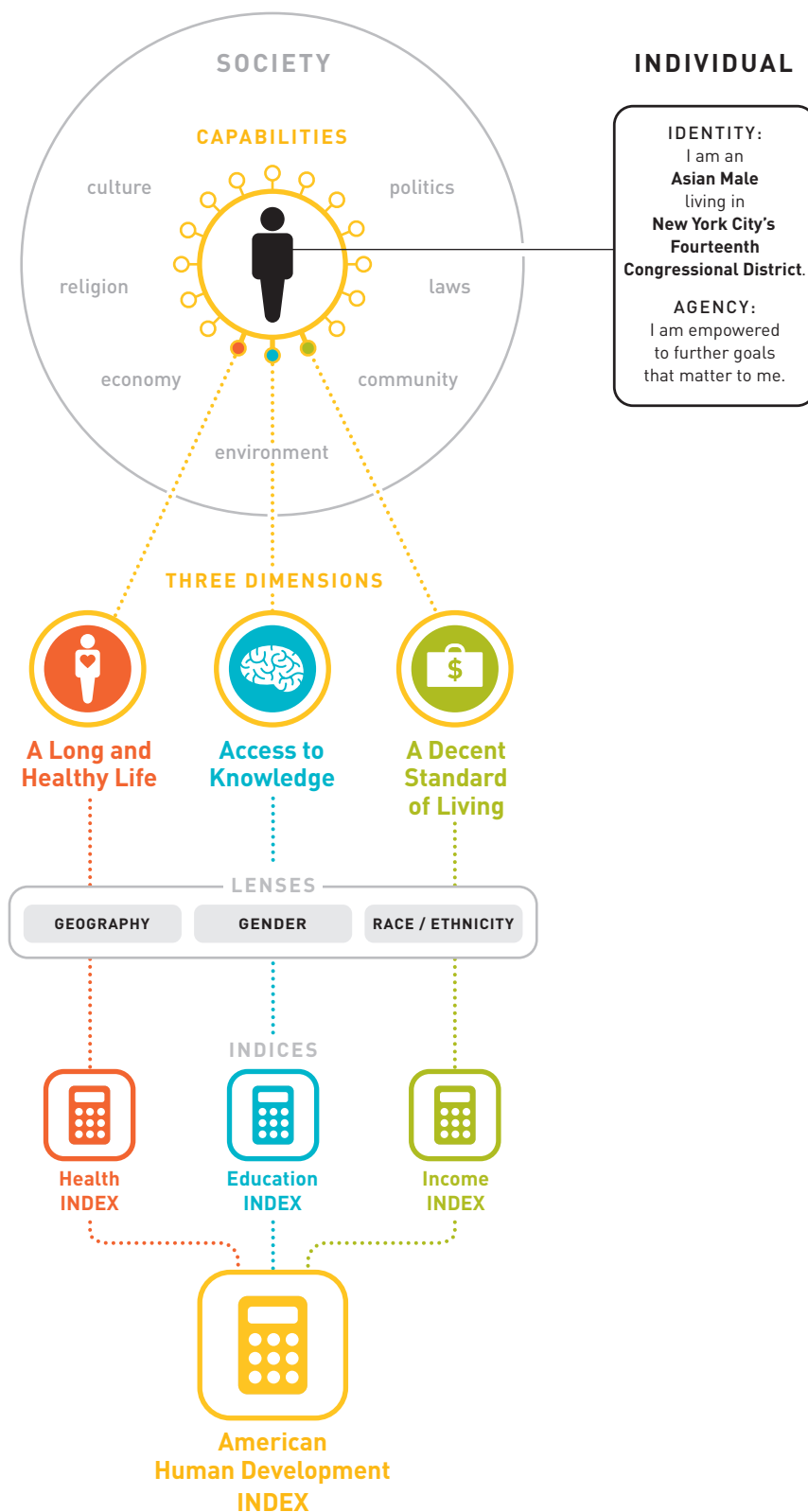
Of all the capabilities, this report focuses in-depth on just **three**, all of which are relatively easy to measure. They are considered core human development dimensions.

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.



Shared Aspirations and Values: The American Dream

"[The American Dream] is not a dream of motor cars and high wages merely, but a dream of social order in which each man and each woman shall be able to attain to the fullest stature of which they are innately capable, and be recognized by others for what they are, regardless of the fortuitous circumstances of birth or position."

James Truslow Adams
Historian

"Of course I believe in the American Dream! I am living the American Dream!"

Ekaterina
twenty-five-year-old
Russian immigrant

The foundation of the American Dream is an idealized vision of America as a level playing field, a land rich with possibilities for anyone willing to dream big, work hard, and "just do it." **Despite the variety of personal meanings invested in the American Dream, it connotes widely shared ideals such as mobility, freedom, security, and dignity.** Americans have long accepted profound inequality of outcomes, in part because of their steadfast belief in equality of opportunity. They generally believe responsibility for seizing opportunities lies with the individual. These intertwined beliefs in equal opportunity and individual responsibility are reinforced in textbooks and popular culture and widely shared across ethnic groups and income levels—though they are not universal. (Even reality television programming promotes the ideal. *American Idol* is a popular exponent of the American Dream, in which raw talent and moxie earn a meteoric, meritocratic rise to fame and fortune.)

The history of the twentieth century broadly supports the notion that the United States is a land of expanding opportunity. Women won the right to vote. Workers won landmark rights, including the eight-hour day, weekends off, and pensions. Committed civil rights activists won important legislation to prohibit discrimination in education, employment, housing, and all walks of public life. Businesses in a number of sectors have come to see the value of a diverse workforce. Significant investment in the construction and operation of schools and libraries brought free public education to everyone. The GI Bill helped to educate a generation of veterans. Taxpayers brought financial security and health to the vulnerable elderly with Social Security, Supplemental Security Income, and Medicare, dramatically reducing the number of older Americans living in poverty.

However, Americans are well aware that everyone does not share the same starting line. Many minorities, people with disabilities, older workers, and gay men and lesbians, for example, are especially aware of the ways in which discrimination and disadvantage keep the dreams of many out of reach. In a recent survey, only 33 percent of Americans said that everyone has the opportunity to succeed; 38 percent of respondents agreed that "most" have that opportunity; and 27 percent believed "only some" have it.

But to most Americans, unequal beginnings are not the end of the story. The same poll also revealed that about 80 percent of Americans agree that hard work and perseverance can usually overcome disadvantage.³ These somewhat contradictory findings highlight the gap between the promise and practice of the American Dream (see **BOX 1.1**).

BOX 1.1 Social Mobility: A Cornerstone of the American Dream

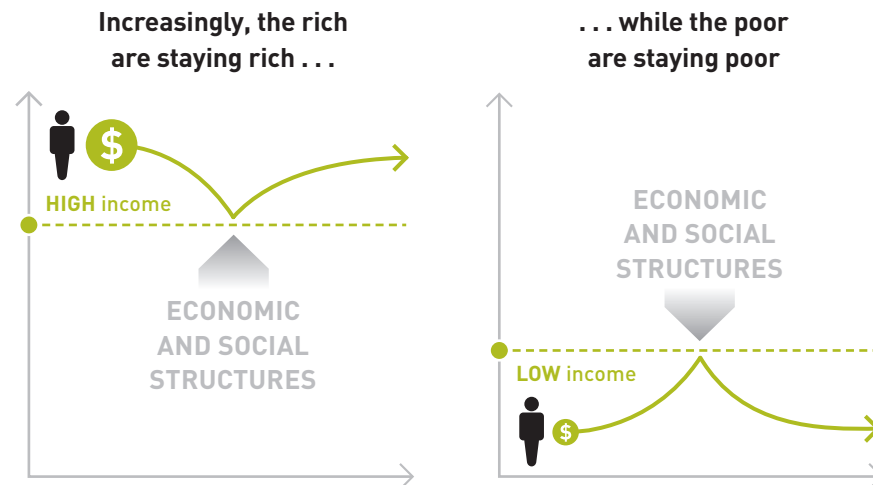
Social mobility—the ability to move up the economic ladder—is a central tenet of the American Dream. But recent evidence suggests that, in some critical areas, social mobility has slowed or even reversed. Some groups have greater income and employment security than ever before. But for many others, realizing the American Dream—or even hanging on to it—is more difficult today than it was thirty years ago. For instance, a recent study found that nearly half of African Americans born to middle-class parents in the 1960s ended up among the bottom 20 percent of earners as adults.⁴

In 1987, Nobel Prize-winning economist Gary Becker wrote, **“Almost all the earnings advantages or disadvantages of ancestors are wiped out in three generations.”**⁵ However, improved methodologies and data are increasingly telling a different tale. A study by the Federal Reserve Bank of Boston, for example, found that income mobility in the United States was higher in the 1970s than it has been since. Of the poorest one-fifth of families in the 1980s, half were still poor

in the 1990s.⁶ Moreover, intergenerational mobility is on the wane. Researchers at the Chicago Federal Reserve and the University of California–Berkeley found that brothers born in the 1960s were more likely to have similar incomes than brothers born in the 1940s.⁷ Today, fully half of poor children in the United States grow up to be poor adults.⁸

Parents who have done well in life are more likely to foster in their children the attitudes and values that society rewards, to make the investments and decisions that help children obtain competitive advantages, and to have the connections to help their children get into top schools and workplaces.⁹

The American meritocracy, the foundation of the American Dream, is at risk. Social mobility is now less fluid in the United States than in other affluent nations. Indeed, a poor child born in Germany, France, Canada, or one of the Nordic countries has a better chance to join the middle class in adulthood than an American child born into similar circumstances.¹⁰



The same economic and social structures that help the wealthy stay at the **top** of the economic ladder can limit the upward mobility of those at the **bottom**.

Capabilities in the United States

CAPABILITIES



People's Capabilities

What we can be and do—our capabilities—are expanded (or constrained) by our own efforts, by our family circumstances, and by the institutions of our society.

The capabilities approach was developed by Amartya Sen and others, including University of Chicago philosopher Martha Nussbaum. **Capabilities shape the real possibilities open to a person. Capabilities enable you to choose one direction over another because it is your preference rather than because you lack other opportunities.**

Basic capabilities valued by virtually everyone include physical and psychological health, access to knowledge, and a decent material standard of living. Other capabilities central to a fulfilling life are the ability to participate in the decisions that affect one's life, to have control over one's living environment, to enjoy freedom from violence, to experience love and friendship, to have societal respect, and to relax and have fun.

In effect, family background not only matters, but in some instances appears to be decisive. This has serious implications for American **capabilities**, a concept central to human development. Amartya Sen argues that **the measure of any society should be how much freedom people have to decide how to live and to act on their decisions.** This concept of freedom goes beyond civil and political freedoms, though it certainly embraces freedoms of assembly, religion, speech, and the like. But for Sen, the ultimate measure of freedom is the reach of human capabilities.

Capabilities define what people are truly able to do and be; they are the equipment one has to pursue a life of value (see sidebar). **People with extensive, well-developed capabilities have the tools they need to make their vision of "a good life" a reality.**

In the human development framework, the question of choice is critical because a good life is at least partly a life of genuine choice. Those poor in capabilities are less able to chart their own course and to seize opportunities. Without basic capabilities, human potential remains unfulfilled.

The exercise of real capabilities, on the other hand, is a gateway to freedom and fulfillment. The experience of one young immigrant to the United States is illustrative. Ekaterina, quoted at the beginning of this section, is a twenty-five-year-old Russian woman. She arrived in New York alone at age twenty with a suitcase, fifty dollars, and no more English than "hello." Five years later, Ekaterina says she is "living the American Dream." After learning English and working her way through college, she has a job that pays a living wage and a network of supportive friends. She is applying to graduate school programs.

Clearly, Ekaterina has capabilities. She is naturally intelligent. But she also benefited from an excellent education in her own country; although she knew no English upon her arrival, she already knew how to study and learn. Like many immigrants, she was resourceful and willing to take risks. In good health, she had the physical capacity to work long hours, attending school while working full-time. She also benefited from less tangible capabilities—confidence and poise engendered by a supportive family, previous scholastic achievements, and her social standing in her home country.

Ekaterina arrived in the United States poor in income and assets but rich in capabilities. This wealth of capabilities enables her to seize opportunities and create positive outcomes for herself. It also allows her to make valuable contributions to her workplace, community, and adopted country.

As the example of Ekaterina illustrates, **what we can be and do—our capabilities—are expanded both by our own efforts and by the institutions and conditions of our society.** Investing in people builds their capabilities, enabling them to take advantage of the full range of opportunities offered in the United States.

Human Poverty

Official U.S. poverty measures are linked to eligibility for government benefits. The official government poverty threshold is based on the cost of food. **There is strong consensus among experts that this is a woefully outdated measure.** For many impoverished children, the zip code into which they are born reveals more about their life chances than the amount of food in their cupboard. Dilapidated schools, overcrowded classrooms, shabby apartments shared with roaches and rodents, neighborhoods so dangerous that parents don't let their children play outside—these are all powerful signals of poverty. Poor children are very much aware of what they are missing. **What conclusions do they draw about themselves and about the value society places on their well-being and happiness? What are they learning about their chances in life?**

In purely monetary terms, one can argue that poverty does not exist in the United States. Most poor Americans have a material living standard that in Bangladesh or Rwanda—or even in the United States fifty years ago—would qualify as middle class or even higher. Nearly all Americans have running hot and cold water, a toilet and shower, a television, a telephone, and access to public roads, schools, and hospitals. Yet poverty exists—in extreme forms for people who lack the basic human necessities, and in less extreme forms for millions of Americans for whom opportunities are few and human potential is unrealized.

Many Americans would likely be surprised to learn that fundamental deprivations are far too prevalent. Despite a surfeit of inexpensive food, the U.S. Department of Agriculture reported that “on a typical day in November 2005, an estimated 531,000 to 797,000 households experienced very low food security,”¹¹ which means that normal eating patterns were disrupted due to lack of money or other resources. Homelessness is another persistent problem. **Over the course of a year, at least 1.35 million children are at some point homeless.** More families with children are homeless today than at any time since the Great Depression. For the hungry and homeless, the American Dream is especially elusive. It is hard to dream on an empty stomach, with no roof over your head or living in fear of violence.

Most poverty in America is not absolute; it is relative, meaning deprivation based on what is considered necessary by most of society. Research has shown that relative poverty can curb children's aspirations and limit their achievements.¹² Children are especially sensitive to the stress that relative deprivation imposes on their parents, who cannot provide their children with the opportunities available to other kids. Discouragement and hopelessness in families can lead to weakened self-esteem, marital tensions, and depression, all of which further undermine the quality of life, aspirations, and achievements of children.

Understanding the Difference between Human Poverty and Income Poverty

One of the cornerstones of the human development paradigm is the definition of poverty as more than a lack of income or a shortage of material goods. Income poverty is only one dimension of a broader concept of **human poverty**, which is defined as **a lack of basic human capabilities for sustaining a tolerable life.**

Human poverty is often closely related to a lack of money and material goods. But **the loss of dignity** that accompanies income poverty also stems from **a sense of powerlessness** to change one's living conditions, **a lack of autonomy and control** over many crucial decisions, and **a feeling that one is marginalized or excluded** politically, socially, or psychologically—and thus deprived of participation, choices, and opportunities.

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 more comprehensive definition of poverty is a predicate to more successful policies to fight poverty.

This report advocates for an approach to security that enables all Americans to have the peace of mind and physical safety to lead productive lives.

Human Security

Human security was comprehensively explored for the first time in the 1994 *Human Development Report*. **A human security approach expands the concept of security from nations to individuals**, from protection of national assets from foreign aggression to protection of individual rights to physical safety and health, basic freedoms, and economic security.

Human security entails **protection of the vital core of human lives** from critical threats. It is defined as safety from chronic threats, such as discrimination, unemployment, or environmental degradation, as well as protection from sudden crises, including economic collapse, environmental disaster, violence, or epidemic. Human insecurity can be a product of human actions or natural events, or of an interaction between the two.

Even in cases in which natural catastrophe cannot be prevented, action must be taken to safeguard lives and minimize damage, thus allowing us to face threats “with security.” Absent preparation, sudden environmental shocks can, in days or even minutes, wipe out capabilities that communities have developed over generations. In addition to life itself, all human capabilities are at risk in the face of hurricanes, tornadoes, floods, fires, and earthquakes. Health suffers, schooling is disrupted, economies collapse, homes are destroyed, communities are scattered, and the secure landscape of the familiar vanishes.

Investing in infrastructure and emergency systems to mitigate risk saves lives. In California, \$8 billion has been spent since 2000 just on retrofitting the state’s bridges to withstand serious earthquakes;¹³ public and private expenditures dedicated to other aspects of earthquake preparedness, like retrofitting houses and office buildings and educating the public about how to stay safe during earthquakes, are doubtless greater still. What difference does this investment make? Compare the impact of two roughly similar earthquakes in different parts of the world. Sixty people perished in 1994 in a magnitude 6.7 earthquake in Northridge, California. In southeastern Iran in 2003, roughly 31,000 people lost their lives in a slightly less powerful earthquake (magnitude 6.6). Most of those killed in Iran died when their buildings collapsed.¹⁴

How many lives would have been saved in New Orleans and along the Gulf Coast if Hurricane Katrina had been met by adequate levees, restored wetlands, and a realistic emergency evacuation plan?

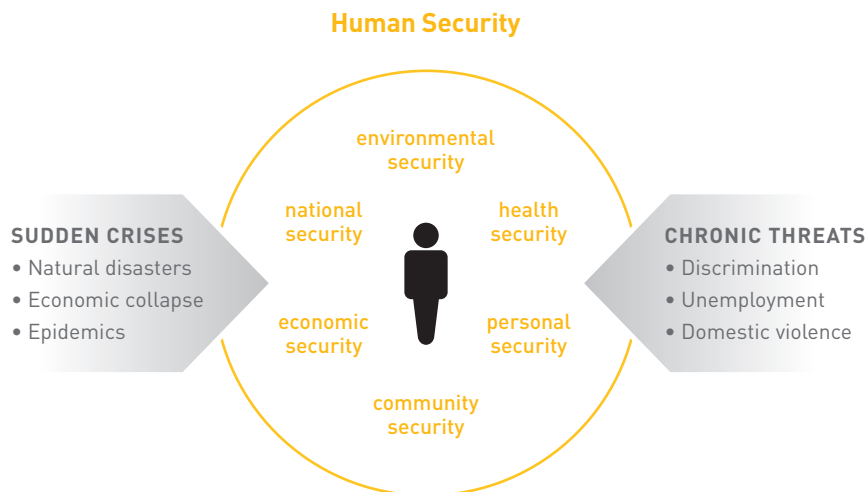
Security from natural disasters has received a great deal of attention in a post-Katrina America coming to terms with the extreme weather events often associated with climate change. **But a different kind of security is the chief preoccupation of millions of Americans: security in one’s own home and neighborhood.**

One in three female murder victims is killed by an intimate partner. This kind of violence is particularly pernicious because it often occurs in precisely the place where one should feel safest: the home. Intimate partner violence, which includes rape and domestic violence, has devastating psychological, physical, and economic consequences on the women who experience it—and on the children who far too often witness it. It also exacts a high cost to society—medical costs, justice system costs, reduced workforce productivity, and reduced capabilities of future generations.

In 2005, an estimated 899,000 American children were victims of abuse or neglect, and 1,460 of them died. Infants and toddlers up to age three had the highest rates of victimization. As with intimate partner violence, the abuse was centered in the home, in eight out of ten cases at the hands of the very people the children should trust most: their parents.¹⁵

Rates of violent crime and property crime have declined in the country as a whole in the past decade; New York City's murder rate in 2007 was the lowest since 1963. However, especially in low-income neighborhoods, crime and violence continue to act as a check on human freedom. Gang violence, in particular, persists. Ninety percent of large cities report gang activity; in Los Angeles and Chicago, more than half of all homicides are the result of gang activity. Gang members, mostly Latino and African American boys and young men, kill one another with heartbreaking frequency, but innocent bystanders are also caught in the crossfire and whole neighborhoods are terrorized by witness intimidation, threats of savage retaliation, and gang dominance of public space.

This report advocates for **an approach to security that enables all Americans to have the peace of mind and physical safety required to lead productive lives.**



Key Concepts of the Human Development Approach

Agency

People's ability to act, individually and collectively, to further goals that matter to them. Autonomy, control, empowerment, and the exercise of free choice are critical aspects of agency.

Capabilities

The personal and societal assets that enable people to fulfill their potential.

Human Development

A process of enlarging people's freedoms and opportunities and improving their well-being, enabling them to lead long, healthy lives; to have access to knowledge; to enjoy a decent standard of living; and to participate in the decisions that affect them.

Human Poverty

The lack of basic human capabilities and opportunities for living a tolerable life.

Human Security

Protection of the vital core of human lives from critical threats; it includes both safety from chronic threats and protection from sudden crises.

International Development

Long-term, sustainable strategies for people to generate secure livelihoods and improve their quality of life. It differs from humanitarian aid, which is aimed at short-term solutions to specific crises.

Measuring Human Development

Composite Indices

Various organizations have created composite indices to assess progress in a given area or within a specific population. Such indices include the following:

- **The Index of Social Health**, first created in 1987 by the Institute for Innovation in Social Policy
- **The Index of Social Progress**, presented every five years by the University of Pennsylvania School of Social Policy and Practice
- **The Genuine Progress Indicator**, developed in 1995 by Redefining Progress
- **The State of Black America Equality Index**, created in 2004 by the National Urban League
- **The Child Well-Being Index** of the Foundation for Child Development
- **The UNICEF Child Well-Being Report Card**
- **The Work, Family, and Equity Index** of the Institute for Health and Social Policy at McGill University

The first Human Development Index was presented in 1990. It has been an annual feature of every *Human Development Report* ever since, ranking virtually every country in the world. **The HD Index has become one of the most widely used indices of well-being** and has succeeded in broadening the measurement and discussion of well-being beyond the important but nevertheless narrow confines of income. What's more, **the index has encouraged countries to invest in data collection on their citizens' well-being and spurred many countries to try to improve their rankings on the index.**

Over the years, the index has revealed **striking disparities between groups** and shed needed light on why different results were achieved. One comparison of Pakistan and Vietnam is illustrative. In 2000, annual per-capita income in both countries was virtually the same: \$1,928 in Pakistan and \$1,996 in Vietnam. However, in human development terms the two nations were far apart. Pakistan ranked 138 out of 173 countries while Vietnam ranked 109. Why? In Pakistan, only 43.2 percent of adults were literate, while the literacy rate in Vietnam was over 93 percent. A Pakistani born in 2000 could expect to live to about age 60. In Vietnam, life expectancy was 68.2 years.¹⁶ The relative status of the two countries provided powerful proof that the link between income and well-being is not automatic.

Human Development Reports and the HD Index have always been published in tandem. **However, it is important to draw a distinction between the concept of human development and the index. The concept is holistic**, encompassing a wide range of human values, such as religious expression, environmental sustainability, cultural liberty, political participation, self-confidence, community bonds, dignity, nondiscrimination, and others.

By contrast, **the index is restricted to statistics on longevity, education, and material well-being.** Unlike measurements of empowerment or psychological well-being, for example, statistics in these three areas can be objectively measured and compared across regions and nations. Thus, the Human Development Index is used to identify major challenges in three critical areas and to monitor advances and declines over time. It provides a useful portrait of human lives and how well-being is evolving in different parts of the globe.

BOX 1.2 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 in the modified American HD Index by life expectancy. Knowledge is measured by a combination of educational attainment and school enrollment. Standard of living is measured using median earnings. All data sources are from official 2005 U.S. government data.

Why these three components?

Most people would agree that health, knowledge, and adequate material resources are the basic ingredients of a decent life. These three areas are measured by the global HD Index as well as by most modified national HDIs, an indication that these core capabilities are universally valued. In addition, measurable, intuitively sensible, and easily understood proxy indicators exist for these three areas. Additional aspects and measures of well-being are discussed in the report, but the American HD Index is restricted to hard data on these three core dimensions.

Can one indicator measure complex concepts like health, 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, the number of times she is read to each week, or how many shapes and colors a child can name. There is no way to directly measure a population's health. Even the proxies on which doctors rely to assess the health of a specific individual, such as blood pressure or body temperature, hardly capture the entirety of that person's health. However, they do reveal some important information. For large populations, life expectancy is a generally accepted proxy for health, though the length of a person's life does not tell us everything about the quality of that person's health. Similarly, degree attainment and school enrollment are reasonable standards for the broad and elusive concept of knowledge. Income is a valuable proxy for 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 as well as different parts of the country. It provides a snapshot of how different groups stack up today and sets a benchmark by which to evaluate progress in the future.

What are the American HD Index's limitations?

The index does not capture information on important areas of human development beyond health, education, and income. The index cannot be used to measure the short-term impacts of policy changes, since its indicators do not change quickly. And, like all indicators, composite or otherwise, the index is only as reliable as the data upon which it is based.

The American HD Index offers a comprehensive and nuanced picture of the state of the nation.

The Modified American Human Development Index

More than 150 countries have presented the Human Development Index in their national reports, sometimes using the standard HD Index formula seen in the annual global report, and in other cases modifying the formula to suit an individual country's situation.

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. All data come from official U.S. government sources. The most recent year for which data are available is 2005, owing to the typical lag time of two to three years. (For full details, see the Methodological Notes.)

Calculating the Human Development Index

A Long and Healthy Life

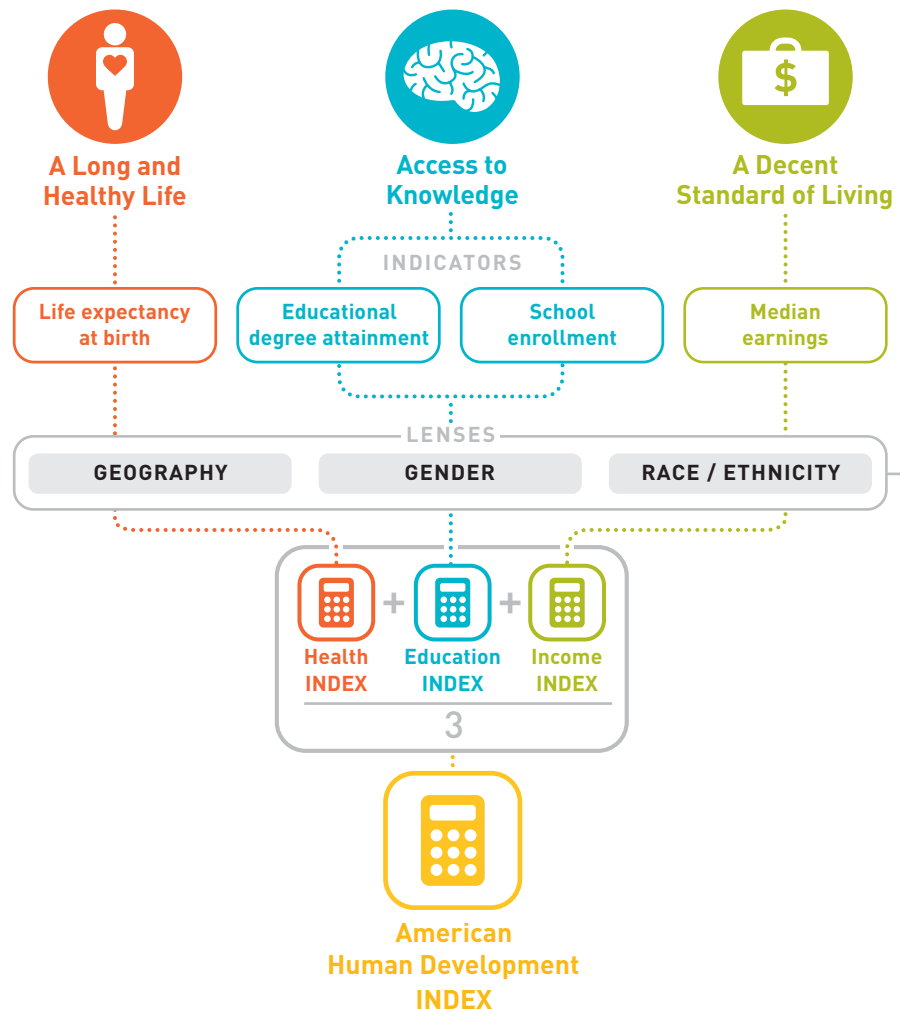
is measured using life expectancy at birth, calculated from mortality data from the Centers for Disease Control and Prevention, National Center for Health Statistics, and population data from the U.S. Census Bureau, 2005.

Access to Knowledge

is measured using two indicators: school enrollment for the population age three and older, and educational degree attainment for the population twenty-five years and older. Both indicators are from the American Community Survey, U.S. Census Bureau, 2005.

A Decent Standard of Living

is measured using median earnings of all full- and part-time workers sixteen years and older from the American Community Survey, U.S. Census Bureau, 2005.



Lenses into Human Development by Group

Throughout the rest of the book, we will look at the American HD Index through several different lenses. We will use the Index to compare the levels of human development by geography, presenting Index scores and rankings by region, by state, and by congressional district. And we will use the Index to compare the levels of human development by racial and ethnic group as well as by gender.

