

Assignment 1 – Comparing development (ECO2117): necessary & possible elements in your answer

Grade indication:

In a close to outstanding argument you should provide something like the information discussed under point 1., you should discuss for each table (some) of the arguments listed under point 2, and you point out some of the limitations under point 3. A 100% score can only be obtained if your arguments are correct and understandable for the 'hypothetical' reader as described in the assignment's instructions. Of course you should not exceed the one page limit (not counting references).

1. **Give the reader of your one-pager the relevant background so that he/she can understand your arguments & explain the aim of your essay:** Make sure your reader knows what you are talking about by providing a short & concise explanation of the HDI and the other development indicators you will use in your essay (not too much - approximately 1 paragraph). Remember, the reader has a university background and an interest in development but he/she is not a specialist in the HDI or its measurement.

It could be something like this ...

In this essay I analyze some development indicators in order to analyze well-being levels in Bangladesh, India, and Pakistan. The indicators used in the analysis are: Human Development Index (HDI), poverty headcount ratio, adult literacy rate, and under-5 mortality rate (*or any other indicators you have selected*).

HDI is a composite index capturing three dimensions of human development: living standard (GNI per capita), longevity (life expectancy at birth) and knowledge (mean years of schooling and expected years of schooling). The HDI can display scores from 0 to 1 where higher scores indicate a higher level of human development. Poverty headcount ratio measures the proportion of the population living with less than \$1.25 a day. Adult literacy rate is the percentage of the population aged 15 or more who can read and write. Under-5 mortality rate is the number of children who die by the age of 5 per 1,000 live births per year.

2. **Analysis & discussion:** Then you can start analyzing tables 1, 2, and 3. You can do the analysis by country and then explain its performance in the above mentioned indicators. Alternatively, you can first explain the indicators & what they tell you and describe how each country has performed. You could have used the following methods of analysis & arguments:

Table 1 and 2 – Compare & analyze the HDI between countries and across time.

Tip: to facilitate the comparison you can assign a ranking to each country for table 1

for each sub-index (i.e. a '1' for the best performing country to a '3' for the worst performing country).

Since the HDI has 3 dimensions (and 4 components) and you are using four other indicators (in this example), some countries may perform relatively well in one dimension and relatively poor in others. What is ultimately important for making your choice is your assessment of the relevance of each dimension/ indicator. Are each dimension/indicators equivalent to you or do you personally find some more relevant than others (remember the HDI assesses equal importance to each dimension in determining the overall HDI index)? Of course you have to explain why you think that one dimension or indicator is more important than the other.

Example: imagine you would only find one of the indicators relevant and none of the others. Then, depending on the dimension you value you would consider that the level of well-being is higher in India (HDI) or Bangladesh (life expectancy), for example.

It is important to note that looking at the HDI of a country or at any single development indicator would not allow us to fully understand what is going on in terms of development. For example if we take a closer look at India we would see that it ranks first in GNI per capita; this rank, however, could be misleading as can be seen from the fact that mean years of schooling is the lowest among the three countries. However, the education system seems to be improving fast since expected years of schooling are quite high in India. A closer look at the figures and we can see that even though Bangladesh has the smallest GNI per capita it has the highest life expectancy and the second expected years of schooling among the three countries.

The country you consider to have the highest well-being will be determined by which of the indicators you think are relatively more important. If you feel that all the dimensions are equally important you would probably consider India to be the most developed since it ranks first in most indicators. On the other hand, you would also choose Bangladesh if you care much more about life expectancy than GNI per capita.

Table 2 - Development HDI over time: Which country has made the largest progress? Which countries have experienced periods of declining HDI's?

Tip 1: plot the numbers in Excel or on a piece of paper

Bangladesh and India's HDI increased at a similar pace since the 1980s. Over the period 1980 to 2000, Pakistan experienced a lower trend. It started with a HDI superior to India in 1980, but nowadays its HDI is much closer to Bangladesh, which is the country with the lowest HDI. However, since 2000 there was a change in trend of Pakistan's HDI, which seem to be increasing at a larger pace.

Table 3 –Other development indicators:

Tip 1: Here again you could assign a ranking for each country in table 3 – which countries rank first/ last in each development indicator?

For example, in table 3 we notice that India has very large poverty levels even if it scores well in other development indicators. This could potentially explain why life expectancy in India is relatively low. Surprisingly, adult literacy rate in India is relatively large, since the mean years of schooling is the lowest among the three countries. This could be due to the fact that India has concentrated investments in primary education, when people learn to read and write. Also, while it may look surprising that Pakistan has very high levels of under-five mortality rates, this could be due to underinvestment in health (as a % of GDP).

3. Indicate limitations of your analysis & information provided in tables 1-3.

- All indicators do not give insight into the inequality of such outcomes between population groups (indigenous and rural population groups may have scores well below average)
- In general the HDI does not provide any insights into other relevant aspects of human well being such as freedoms (political, cultural) or (in)equalities in opportunities.
- Mean years of schooling and expected years of schooling do not provide any information on the quality of education.
- Poverty headcount ratio would decrease if a large amount of the population with \$1.24 had instead \$1.26, which does not significantly change their standard of living. Thus, it is a measure that does not say much about the intensity of poverty.
- Data on health and expenditures do not provide any indication of how efficiently these resources were employed.