(a) Explain how HDI is determined (5)

The HDI is one of many methods of determining human development, first introduced by the United Nations Program. It does not only focus on a country's economic wealth instead it looks at social, cultural and welfare criteria in a order to determine a country's quality of life.

HDI is calculated by using three factors chosen by the UN. These can be seen below:

1. Average life expectancy
2. Adult literacy rate
3. Income (GDP per capita)

These three indicators are combined and a rank is calculated from the highest (1.0) to the lowest (0) HDI. For example Canada which has the highest HDI of 0.961 has the highest GDP of US$21,916. The adult literacy rate and average life expectancy would also be high compared to Ethiopia which has an HDI of 0.252, this is because there are better medical facilities and schools as the country can afford to meet the needs of the population. However in Ethiopia the GDP per capita is only US$455 (more that ten times lower than Canada's). As a result the life expectancy, adult literacy and income rates are very low due to the inadequacy of nutrition, health and medical care.

It can be clearly seen from the table that countries with the lowest HDI below 0.3 are considered to be the economically least developed located in the 'South' e.g. Eritrea, Ethiopia, Burundi and Mali. Those with a score of over 0.9 are associated with the 'developed' countries of the 'North' e.g. Canada, France, Norway and USA. However there maybe some countries within the North which may not be developed and likewise some countries in the South e.g. Australia and New Zealand.

The HDI value of a country shows the distance that it has already traveled to the maximum value of 1.0 and it also shows comparisons with other countries. The difference between the value achieved by a country and the maximum possible value shows how far the country has to reach. For example Ethiopia has to travel further (0.708) to reach up to Canada, compared to France which has a difference of 0.014 HDI.

(b) Examine the Problems of Defining Development (20)

Different phrases and words have been used to try and describe differences between countries e.g. developed and developing, first world and third world, and more recently MEDCs and LEDCs. Development is very difficult to define as it has a wide range of meanings and has therefore been used in a variety of ways, by different people or organizations at different times. For example, geographers will link development with improvements in human welfare e.g. greater wealth, better education and health, whereas others would measure development in terms of HDI (human development index).

Normally when we look at the world we live in, we compare it with our own level of advancement and come to the conclusion that we are better off, have a better standard of living. Whereas when we think about the 'Third World' we maintain our 'eurocentric' attitudes. For example when we look at problems in the developing countries we try and relate the problems to our own when they are not on the same scale.

In 1980 the Brandt Report divided the world into two halves. All the countries of the industrialized developed world were in the northern hemisphere with the exception of Australia and New Zealand. The south included both the low-income and middle-income developing countries. The report made clear the contrasts in economic prosperity and social well being between the North and South. According to the Brandt Report about 800 million people are barely surviving. A majority of these people live in Sub Saharan Africa e.g. Mali, Sudan and Ethiopia and South Asia e.g. India, Pakistan and Bangladesh.

Dudley Seers an economist believed that true development has occurred if poverty, unemployment and inequality have been reduced. He also said that the goal of development should be the fulfillment of human potential, however in third world countries this is inhibited by high rates of infant mortality rates, lower levels of life expectancy and low levels of female participation in education. In order to measure development by using Seers method, data on poverty, unemployment and inequality has to be obtained. This would be quite easy to do in Britain whereas in many Third World countries getting hold of data on poverty, unemployment and inequality would be challenging as they do not have the finance or the expertise to gather large amounts of data. For example in Britain they have a population census every ten years, however in Third World countries they are less regular e.g. Nigeria, Africa's most populous country, a population census was not carried out for nearly 40 years between 1952 and 1991. Therefore without regular monitoring of data it is very difficult to plan ahead for social and welfare criteria such as schools and medical facilities.

Another problem in comparing development between different countries is that they would have different opinions on what is meant by the terms poverty, unemployment and inequality and as a result different governments would use different criteria to define these. For example Britain might consider income levels, number of children receiving free school meals and need for government assistance in health care and income as a sign of poverty. Whereas in Third World countries poverty might be related to the availability of the basic necessities such as water, food and sanitation. Therefore when trying to define development within countries, regions and communities we should think in terms of absolute and relative poverty.

Many economists use GNP or GDP to measure development. GNP maybe defined as the total value, or output of goods and services which a country produces which become available during a period of time(usually a year) for consumption or saving foreign investments.

GNP does have its weakness because it does not take into account inequalities in income, it only states the national average. It does not take into account general costs of living, as well as regional variations. A more realistic measure of differences would be to consider GNP converted at purchasing power parity rates. These compare different GNPs using exchange rates which take account of differences in the cost of living within their own country and the foreign country (USA). However, adjusting GNP at purchasing power parity rates can significantly alter a country's ranking in world GDP league tables. For example, based on GNP per capita the cost of living in the US was about 3 times that of living in Morrocco (US$1040), however based on PPP Morrocco had a real figure of US$3090. Therefore it can be said that using PPP causes inaccuracies too.Generally, PPP lifts GNP per head for most developing countries but lowers it for developed countries.

Another indicator of development economist's use is Gross Domestic Product or GDP. GDP can be obtained by dividing the monetary value of all goods and services produced by a nation in one year by its total population. Both GDP and GNP aim to show the differences in wealth of a country and between countries. Generally, it is said that the lower the level of GDP the poorer the development level of the country. For example, a low level of GDP would indicate poor infrastructure. An economic growth rate of 8 to 10% has been achieved in China and Ireland more recently and by several Southeast Asian countries over the past decade.

Although one of the weaknesses of economic indicators are that they only show the state of the countries economy rather then the general well being. Social indicators often combine factors such as literacy, mortality and life expectancy. This is much more representative as they revel the general standard of living in each country. Another disadvantage of using GNP/GDP figures is that they can be unreliable in their use and validity. For example they are more accurate in countries that have many economic transactions and where goods, services and labour can be measured as they pass trough a market place, whereas in places where markets are less developed and trading is done informally GDP figures are less reliable.

The best social indicator is the human development index as it is a combination of adult literacy and years of schooling, life expectancy and GDP per person. The HDI was developed by the UN and extends the definition of development. Since its introduction in 1990 the HDI is recognized as a valuable tool which draws attention to important issues quite effectively. Nevertheless, although the HDI measures overall progress in a country in achieving human development, based on the three criteria its weakness is it does not show differences between rural and urban areas, between different regions or different genders. Another major criticism of the HDI is that it contains no measure of human rights or freedom, as it is difficult to measure compared to measuring the economic development within a country.

It can be deduced that although social and economic indicators do have their relative merits, they have many weaknesses. Generally, it can be said that economic indicators measures the wealth of the country but gives little indication of the standard of living of the majority of people.

Social indicators may seem to be better indicators because they reveal the general standard of living in a country; however they do not reflect inequalities in income distribution. They also don't take into account constant review as definitions and concepts of the term development change.