

# Economics of Health and Education

## Health and Education in Human Development

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# Content

- The role of health and education in human development achievements
- Health and education outcomes as critical links to human development

Human beings as  
both *ends* in  
themselves and  
*means* of  
production

- Why should we promote human development and poverty eradication? There are many reasons. Let us look at some:
  1. Human development (HD) is an end in itself.
  2. HD is a means to higher productivity. A well-nourished, healthy, educated, skilled and alert labour force is an important productive asset.
  3. HD reduces human reproductivity. Raised health standards lead to reduced child deaths and lower fertility rates.
  4. HD is good for the physical environment. The poor are both a cause and main victim of environmental degradation.
  5. Reduced poverty contributes to a healthy civil society, democracy, and greater social stability.
  6. Promoting HD and poverty eradication has political appeal as it may reduce civil disturbances and increase political stability.

## Where does health and education figure in human development?

- If we understand human development, as *enlargement of people's choices*, we will instantly see the role of health and education in ensuring human development.

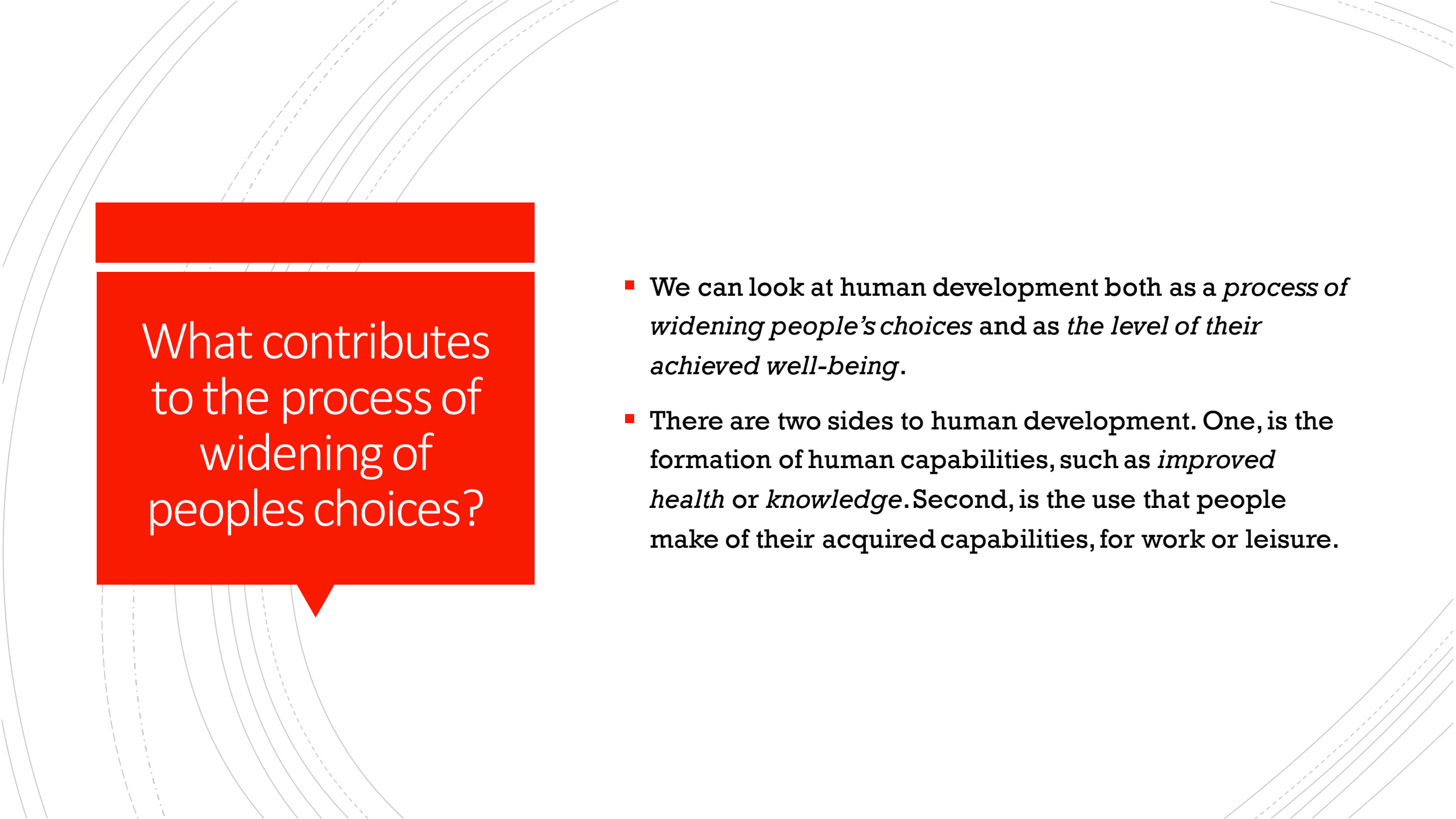
“People are the real wealth of a nation. The basic objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives.” (UNDP, 1990)

- National income figures are essential for assessing economic development. But people often value achievements that do not show up directly in income figures.
- Many fast growing developing countries have realised that their high GNP growth rates have failed to reduce socio-economic deprivations, particularly in health and education.
- Income is a means and not an end. It may be used for essential medicines or narcotic drugs. Well-being of a society depends on the uses to which income is put.

Example: GNP per capita and selected social indicators

Country	GNP per capita (USD)	Life expectancy (years)	Adult literacy (%)	Infant mortality (per 1000 live births)
<i>Modest GNP per capita with high human development</i>				
Sri Lanka	400	71	87	32
Jamaica	940	74	82	18
Costa Rica	1610	75	93	18
<i>High GNP per capita with modest human development</i>				
Brazil	2020	65	78	62
Oman	5810	57	30	40
Saudi Arabia	6200	64	55	70

Source: UNDP, 1990

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What contributes  
to the process of  
widening of  
peoples choices?

- We can look at human development both as a *process of widening people's choices* and as *the level of their achieved well-being*.
- There are two sides to human development. One, is the formation of human capabilities, such as *improved health* or *knowledge*. Second, is the use that people make of their acquired capabilities, for work or leisure.

Life expectancy as  
a representative  
indicator of health  
in measuring  
human progress

- Life expectancy at birth is used as one of the principal indicators of human development. Why?
- Longevity has an *intrinsic value*.
- Longevity is valued because it helps people to pursue various goals.
- Longevity has association with other characteristics such as good health and nutrition.

Therefore life expectancy is a proxy measure for several other important variables in human development.

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## Measuring knowledge for human development

- Literacy figures are only a crude reflection of access to education.
- Literacy is a person's first step in learning and knowledge-building.
- In a more varied set of indicators, we would also attach importance to outputs of higher levels of education
- But for basic human development, literacy deserves the clearest emphasis.



## References

- United Nations Development Programme (1990), *Human Development Report 1990*, Chapter 1.
- Streeten, Paul (1994), “Human Development: Means and Ends”, *The American Economic Review*, Vol. 84, No.2, pp. 232-237.