

UK recovery - a reality check - the UN's Human Development Report 2014.

Last week, the IMF reported that the UK was the fastest growing economy among developed countries. The 2014 Human Development Report (HDR), released today by UNDP, the United Nations Development Programme, provides a more challenging perspective. Instead of the country's economy, the report focuses on its people – their wellbeing, capacities, and ability to make choices. It exposes as well their vulnerabilities, which, in the UK as in many parts of the world, have been increasing.

Judged by the Human Development Index (HDI), a metric based on a country's life expectancy, education and income, the UK stands number 14 on the list, not number one. Instead of the UK retaining its position as one of the world's six largest economies, the UK by the measure of HDI is behind Sweden and Ireland. At the top of the HDI list is Norway, followed by Australia, Switzerland and the Netherlands, with the USA at five and Germany at six.

The UK is slipping in human terms as well. Its progress in HDI values since 2000 is the slowest of all but five other countries in the world. Life expectancy, for instance, is now 80.5 years, 23rd on the list. New Zealand and Ireland achieve higher standing in human development with substantially lower incomes.

Other rankings are equally worrying. The UK leads income inequality in Europe, along with Italy and Estonia. Our adolescent birth rate is 26 per thousand; three times that of most European countries. Expenditure on health as a percentage of GDP is 14th on the list, well behind Denmark, Sweden and the Netherlands. Expenditure on education is also comparatively low – a paltry six per cent of GDP, 18th on the list and well behind the Nordics.

For those who argue that in the long run, all will get better with growth, there are important warning signals. UK investment in capital formation as a share of GDP is 24th among developed countries. Research and development expenditure is 1.8 per cent of GDP, 16th on the list and under two-thirds the proportions in Germany. Our share of energy from renewable resources is near the bottom of the European list – 14.4 per cent compared with 70 per cent in Sweden and 20 per cent in Germany. Other European countries also have higher rates of tax revenues and government expenditures as a share of GDP, belying the view that the UK economy can recover only if tax and public expenditures are cut further.

Vulnerabilities over the life cycle are a major theme of the report. Setbacks in early life are linked to consequences in adulthood and in older age, affecting, for instance, the chances of holding down a job or retiring comfortably. The evidence for such links is clear, yet in most countries – Britain included – public expenditure to support the first 1,000 days of life is underfunded. At the other end of the life cycle, the world's over-60 population is expected to double by 2050, yet four-fifths have no pension. The poverty rate among older groups is higher in most OECD countries – including the UK – than for the population as a whole, and higher for women than for men.

As the share of zero-hour contracts and other forms of non-standard employment has increased, so has vulnerability. The report shows that the UK records a higher rate of employment than most other countries – but also a bigger increase in the share of non-standard employment.

So what can be done? The report identifies actions at three levels – individual, national and international.

Reducing vulnerability requires empowerment and fewer restrictions on an individual's freedom to act. Wellbeing is greatly influenced by the context of the larger freedoms that people enjoy – and their ability to act in coping with adverse events and circumstances.

Action by national institutions is also needed to provide support for individuals and their families and households, especially at critical transition points in life. To be effective, such action depends on maintaining a balance between individuals, community support and the state, local and national. This balance is all the more difficult to maintain when, as the report brings out, the UK's government and social expenditure as a share of GNP is already lower than in many other developed countries.

International initiatives are also required. The economist Joe Stiglitz, in a contribution to the report, shows how the IMF and the World Bank have often pressured countries into adopting policies that increased vulnerabilities – cutting back social protection and commitments in education and health in favour of policies that have allowed inequalities to soar. The realities outlined by the 2014 HDR stand as a rebuke to the apologists for austerity. More than this, they offer a vision of an alternative course for reducing poverty and vulnerabilities, as an example of the humane global governance needed in the 21st century.

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