

# Topic: Human development and Economic sustainability

## Outline

### 1. Introduction:

- a. Attention Grabber
- b. GIST
- c. Thesis statement

### 2. Understanding Correlation Between Human Development and Economic Sustainability

### 3. Impact of Human Development on Economic Sustainability:

- a. Inclusive Politics result in Creation of Economic Inclusive Institutions
- b. Economic Inclusivity Increases Financial Autonomy
- c. Good Health of People results in GDP Growth
- d. Quality Education Increases Advancement in Technology
- e. Gender Equality and Women Empowerment leads to Economic Growth
- f. Infrastructure Development results in Industrial Growth
- g. More Public Spending reduces



## Poverty Levels

### 4. Impact of Economic Sustainability on Human Development

- a. Low Inflation results in Good Level of Living Standards
- b. Decrease in Poverty Levels make Education Access Easy.
- c. Increase in Disposable Income Enhances Political Representation
- d. Industrial Growth increases Employment
- e. Current Account Surplus provides more space for Public Spending
- f. Growth in GDP leads to Rise in Economic Opportunities
- g. Increase in Investment enhances Gender Equality

### 5. Conclusion

#### The Essay

During the cold war, the countries lying on either side of the 38<sup>th</sup> parallel fell under the influence of two great powers. After the end of war, North Korea was ruled by a dictator whose low living standard resulted in poor economic growth. However, on the opposite, South Korea



where living of standards were much better witnessed good economic rise. This, very example, explain how human development and economic sustainability are intertwined. There are numerous impacts of human development on economic sustainability. Human development in the form of political representation provides economic inclusion which ~~in advance~~ increases financial autonomy. Moreover, healthy people helps country's GDP grow whereas educated people step up technological advancement. Besides this, gender equality also emphasize economic growth. Conversely, economic sustainability in turn yield human development. Low levels of inflation and poverty enhances living standards and literacy respectively. Additionally, industrial growth and ~~current~~ account surplus increases public spending. The above discussion shows how human development plays a pivotal role in long-term economic progress which in turn significantly enlight human development.



Both human development and economic sustainability are correlated to each other. Human development which focuses on individual's well-being through education, health and income opportunities directly influences economic sustainability by creating skilled, and healthy and educated population. On the other hand, economic sustainability which is linked with the long-term economic sustainability growth provides financial foundation for ~~economic growth~~ human development. The correlation and impacts of both these terms are discussed below.

There are several impacts of human development on economic progress of people. One of the most significant impact is creation of ~~a~~ inclusive economic institutions. Inclusive institutions provide equal opportunities to everyone and create conducive environment for doing business. But for this creation the presence of political representation is required which can be



done through human development. According to Daron Acemoglu in "Why Nations Fail", the political institutions in any country if inclusive provides feedback loop which creates inclusive economic institutions resulting in equal opportunities for all. Therefore, inclusive politics is a pre-requisite for equal economic opportunities.

Moreover, when economic institutions provide equal representation they create financial autonomy. Financial independence demonstrate long-term economic well-being of people. For this, one may need ease of doing business as a pre-requisite otherwise there will be a danger and risk of doing investment. For instance, <sup>families</sup> people living in Nogales, Arizona in the US have average income of \$30000 a year while families in South living in Nogales, Sonora have average income of one-third a year compared to the North. Despite having the same culture and geography, the economic



Conditions are different due to nature of economic institutions. Thus, financial independence is possible through equal opportunities provided by economic institutions.

Besides inclusive economic institutions, human development also results in growth of GDP. High GDP growth is an indication of economic sustainability. Healthy population which is a feature of human development results in increased productivity which significantly improves country's GDP. A 1% increase in life expectancy results in an average increase of 6% in total GDP in the long run. (Robyn Swift, The relationship between health and GDP, 2011).

This relation suggest how development of human well being in terms of health provides economic progress in the form of GDP growth. Therefore, ~~impact~~ of GDP growth requires healthy population as a pre-requisite for sustainability

Not only GDP growth but



advancement in technology also results from Human development. Technological advancement in today's world is imperative to keep up the pace with changing global dynamics. Such innovation requires skilled population which can be produced through induction of quality education. South Korea is a prime example which invested heavily in STEM education after Korean War and became a global techpower house. Companies like Samsung, LG and Hyundai emerged as a leader in electronics and automotive industries. Hence, it emphasizes that to advance and foster in technology quality education is mandatory, which comes in the shape of human development.

With education, people are empowered especially women which comes under the umbrella of human development. Gender equality and women empowerment is an essential component of a just and inclusive society. When women are empowered and



treated equally to their male counterparts, it results in more economic growth. Women equality can add upto \$12tr into global GDP by FY225 (A McKinsey Global Institute, Report in 2015). In Pakistan, only 22% is women's labour participation rate. Increasing this rate can help Pakistan grow economically. Therefore, development of human by empowering women can sustain economy and its growth.

Furthermore, development of infrastructure also impacts the economy of any country. The development of schools, jobs, hospitals, roads, airports, railways etc either directly or indirectly creates job and employment. As a result, having good and efficient infrastructure, industries are ready to invest and expand their operations. For instance, CPEC indicates an immense potential of industrial growth mainly due to its developed infrastructure that will be able to connect the region. This connection can help Pakistan to create positive inter-dependency, according to Mueed



Yusuf, resulting in leveraging geoeconomics and grow significantly. Hence, development of infrastructure can help sustain economy showcasing the impact of human development on economy.

Moreover, reduction in poverty levels is a significant impact of human development. According to World Bank, people earning less than \$3.25/day fall under this category. However, the rate of poverty decreases when government enhances its public spending. For instance, National Health Service, funded by public spending, provides free healthcare. This ensure that people do not fall into poverty due to illness or medical bills. In Pakistan, programs like Benaazir Income support help ~~poor~~ people vulnerable population financially. Thus, spending in public and their development helps them financially to overcome poverty.

The above discussion shows the impacts of human development



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help sustain economy, however, there also exists the impact of economic sustainability on human development which are discussed below.

To begin with, the most important indicator of economy is inflation. Economic sustainability leads to lower inflation that results in healthy and quality living. It helps people in increasing their purchasing power and provides them with healthy savings. According to 2023 OECD report, nations with stable inflation rates tend to experience more equitable distribution of wealth allowing citizens to afford essential goods and services. In contrast, Pakistan, which <sup>has</sup> struggled with high inflation have seen significant decline in living standards pushing many families into poverty. Therefore, it is clear that how ~~both~~ economic sustainability in the shape of low inflation improves living standards of people impacting their development.



it was discussed that

Earlier, <sup>the</sup> impact of human development results in reduction of poverty levels. <sup>Instead</sup> ~~For contrast~~, it <sup>also</sup> creates a virtuous cycle which then in turn makes education access easy resulting in human development. Education is a primary indicator in United Nation Human-Development Index. Consequently, to improve this indicator one needs an easy access and affordable education.

The reduction in poverty enhances the ability of parents to afford the children's education. Additionally, with improved economic sustainability, governments can spend on educational resources, ensuring better access for all. According to World Bank report, families spending receiving BISP support are more likely to send their children to school. Overall, reducing poverty creates a positive feedback loop, where economic security leads to educational opportunities, further driving social mobility.

Furthermore, increase in disposable income enhances political representa-



tion. As families are able to save more, they can spend extra money on healthy activities and can spend to get political representation which requires spending. With more disposable income, people can spend time and money in political cause that reflect their interests, increasing their influence on policies. Moreover, with extra money, people can participate in campaigns, influencing and lobbying for special cause. For example, Israeli lobby named as AIPAC, has a significant influence over the policies of US government. This influence is due to the money spent by Israeli lobby in political campaign of policymakers. Overall, an increase in disposable income give <sup>citizens</sup> a mean to engage in political activities.

Another impact of economic sustainability is increasing employment due to industrial growth. With the help of more industries, the capacity and jobs are created to fill the



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specific position or perform task such as engineers, managers and workers.

As industries expand their operations in other parts of the country, new labour is required to perform those operation resulting in job creation. For the companies that expand their existing operation or joint venture with other need employees with specific expertise resulting in increasing employment.

For example, according to Chinese Embassy in Pakistan, CPEC has generated a total of 236,000 jobs in Pakistan showing the potential of this project which has yet to complete. Therefore, growth in industry as its operation provides opportunity for more labour to get jobs helping them in their socio-economic development.

Besides employment, economy with stable current account surplus provides more space for public spending. Current account surplus means income of a country is greater than expenditure which



gives necessary support and space to the government to enhance and invest in public. By having current account surplus, governments do not have any pressure to spend on economic needs, instead they are able to enhance living standards by spending more on public health, education and infrastructure. For instance, in early 2000s, Pakistan experienced current account surplus which helped government to spend more on social purposes which saw a significant increase in human development indicator. Overall, having positive current account countries are inclined to spend on social spending to improve long term human development programs.

Additionally, growth in GDP of a country enhances economic and business opportunities. GDP growth signifies an expansion in economic activity, which opens up new businesses across the board. Consequently, a higher GDP results in increased investment across various sectors,



Leading to business and job expansion. Moreover, with rise in national income, increase in consumer spending ~~rise~~ resulting in more demand of goods encouraging entrepreneurship. For instance, countries with sustained GDP growth, Japan and China, have seen significant increase in investment and business expansion leading to more jobs and financial autonomy. Therefore, one can say that growth in GDP impacts human development by providing encouraging business opportunities.

Lastly, this increase in economic opportunities provides investment which enhances gender equality. As the investment landscape seems conducive to investors, it results in more investments providing equal opportunities to all. Most of the multinational <sup>companies</sup> governments demand healthy development programs <sup>before</sup> ~~to~~ investing in the country that leads to equal and shared opportunities for all. Moreover, countries also



use it as soft image to attract investment by making equal opportunities for all the citizen. According to OECD, Sweden consistently ranks among top countries for gender equality, due to its strong social investment policies. Hence, rise in <sup>gender equality</sup> investment can help achieve <sup>or</sup> close the gender gap in the country.

In conclusion, both economic development and economic sustainability creates a ~~virtuous~~ <sup>virtuous</sup> cycle and positive feedback loop. Economic development includes political and economic plurality, quality education, health, etc which impacts and sustain economy in the form of financial autonomy, GDP growth, Industrial growth etc. In addition, this virtuous cycle results in impact of economic sustainability on human development such as quality living because of low inflation, education access due to reduction in poverty levels, increase in job opportunities due to industry growth. Both variables go hand in hand in a tandem which gives a national strength to the country.