

Make Your Citizens Happy!

Economic Goals Must Include Human Dignity, Not Merely High Growth Rates

By Laila El Baradei

When millions of people took to Egypt's streets in 2011 calling for bread, freedom, social justice, and human dignity, a regime was toppled. It was a regime that for decades had been accused of catering solely to the needs of the elite and the business community, focusing on enhancing economic growth, and encouraging Foreign Direct Investment, all in good cause, but without giving due attention to the real needs and the expectations of vast numbers in the marginalized segments of the population. It was not only about poverty, as the slogans of the revolution pointed out; besides "bread," there were more importantly calls for "freedom," "social justice," and ultimately "human dignity." It is a phrase that summarizes what a humane quality of life is all about.

This is an important lesson for economists in Egypt and around the world. Regardless of the economic growth or economic development model pursued or implemented by a nation, there should be due consideration of the humanitarian impact of the growth path. There is a mounting realization that the overall objective of any development effort is achieving a positive and sustainable impact on the human quality of life. Over several decades of rigorous economic thinking, experts have come up with various models for economic growth and economic development and have moved a great way from just focusing on tangible material economic progress to establishing a better link between economic development and human development at large. We have all gone through and witnessed—in various stages of our lives in different parts of the world—assorted implementations of these changing models and ideologies. In figuring out how to realize economic development, nations have tried different strategies derived from the Linear Stages model, the Structural Change models, the International Dependence models, the Neoclassical models and/or the New Growth or Endogenous Growth models. Under these different models, economists and

◁ Protesting bread prices in Tahrir Square, April 1, 2011. *Wissam Nasser/Corbis*

development experts have grappled with problems of unemployment, income distribution, inflation, equity, access, and most significantly poverty. And each model or theory added some new dimension in helping solve the puzzle, and in contributing to the question of how to go about developing a nation.

Gross National Happiness

What is meant by humanitarian aspects of growth? In simple words, it means that economic growth efforts should take into consideration that citizens ought not to bear any negative impact from them, and that a humane quality of life that preserves human dignity should be the overall goal of any implemented economic and national development plan. The question of what constitutes a humane good quality of life has been intensively debated in economic literature. And among the generally agreed to notions in answering this question are those that relate to the realization of a humane good quality of life for citizens that includes the attainment of three core values: "life sustenance, self-esteem, and freedom." According to the American economist Michael P. Todaro, this means that for any economic development to be characterized as effective, it must have resulted in the satisfaction of basic needs for citizens (food, shelter, health, protection), in getting them to enjoy self-respect, or in other words dignity, and finally to enjoy freedom, and have a wide range of choices as regards economic and social matters. Evidently the exact definition of each of these three notions may differ from one nation to another, but the main values entailed are mostly uncontested; experts and laymen alike tend to elaborate on and add to them, rather than detract.

A sub-discipline of development ethics has emerged in the field of economics, which centers on figuring out how to integrate ethics in economics. Rather than focusing on increasing access to "goods" in life, the focus is on how to define and eventually realize a "good" life for citizens. An interesting measure for the "good" life, said to have been first conceived in the country of Bhutan in the 1970s, is the Gross National Happiness (GNH) index—a contrast with the more standard Gross National Product (GDP) indicator. The GNH tries to assess, in addition to economic performance and ecological protection, the degree to which development results in increased happiness for citizens. The nine equally weighted categories in the GNH index include: psychological well-being, time use, community vitality, cultural diversity, health, education, living standard, ecological diversity, and good governance. The idea of measuring happiness has been carried forth and adopted by various national and international bodies. Since 2005, the Gallup polling organization has conducted a "well-being" survey in 155 countries, assessing how adults evaluate their lives and the implications for the effectiveness and challenges of economic development. Meanwhile, the 2011 Human Development Report, by the United Nations Development

Programme, discusses the notions of equity and sustainability for global citizens, and how any development effort should be undertaken in a fair manner to allow greater access to a better quality of life for the seven billion inhabitants of this planet. The report also assesses the perceptions citizens have of their own well-being.

In contrast, and repeatedly over the years, the International Monetary Fund (IMF) and the World Bank Economic Structural Adjustment and Debt Repayment Policies—bundled with the Washington Consensus frame of thinking—have been recommended to many developing countries and have been criticized because of the perceived dire impacts of these policies on the poor. Although the implementation of the policies may have helped in some cases and improved national economic indicators, many times they also led to political uprisings and enhanced dissatisfaction of citizens of the developing world. In Egypt, the Hosni Mubarak regime always claimed that it was going slowly and gradually with the implementation of the IMF structural adjustment policies to avoid negative impacts on the citizens, but it seems these claims were not entirely candid. In terms of economic growth in the 2000s, Egypt was achieving satisfactory performance. Through the implementation of a number of structural economic reforms, Egypt went from an economic growth rate of 4 percent in the financial year 2003/04 to over 7 percent in FY 2007/08. However, as a result of the global financial crisis, economic performance deteriorated later and went from 7.2 percent GDP growth in FY 2007/08 to 4.2 percent in FY 2008/09, and from Foreign Direct Investment amounting to $13.2 billion to $8.1 billion during the same period. Nevertheless, Egypt's economic performance—even with these external crises—still amounted to 4.2 percent growth rate, and when compared to other countries in the Middle East, was considered satisfactory; the Middle East and North Africa region growth rate being only 2.4 percent during the same period.

However, despite the reported satisfactory economic performance in Egypt during the past decade, the rate of poverty had risen to unprecedented levels according to various estimations. World Bank records show an increase in the percentage of Egyptians living under the national poverty line rose from 16.7 percent in 2000, to 22 percent of the population in 2008. Other shocking World Bank figures, which were continuously contested by the government, showed that in 2008/2009, 44.1 percent of the population lived under the international poverty line of two dollars per day. Other studies showed a decline in the overall quality of life for Egyptian citizens. For example, when using a multidimensional measure for poverty by a UNICEF study, the percentage of children living in income poverty was reported to have increased from 21 percent in 1999/2000, to 23.8 percent in the year 2008/09, and was speculated to be continuously on the rise. Furthermore, and in spite of high national economic growth rates from 2005 to 2008, the total number of children in Egypt living in poverty increased substantially

during the same period, from 5.7 million in 1999/2000, to seven million in 2008/09. Extreme poverty was reported to have increased from 2.9 percent to 3.8 percent of the Egyptian population between 2000 and 2005. In the 2011 Human Development Report, Egypt ranked 113 of 178 countries and was characterized amongst the group of Medium Human Development Countries having gone down one step from its 2010 ranking. The section on Egypt in the 2010 report notes that despite the improvement in per capita GDP between 2008 and 2010, the percentage of the poor increased from 19.6 percent to 21.6 percent, and there was an increase in the absolute number of poor.

The problem is not the dilemma of a nation achieving economic growth yet failing to deal with poverty issues, and it is not only about income distribution. The problem is that in some instances, and Egypt is a good example, economic growth is realized but human development is not, and no one seems to care about citizens' happiness and well-being. Egypt realized economic growth but there were many shortcomings in its education system in terms of both quality and quantity, in its healthcare services, in the availability of employment opportunities, in targeting subsidies, and in securing and enabling an environment of good governance where there is civic participation, transparency, rule of law, and effective government institutions. This led to a serious deterioration in the overall quality of life for Egyptian citizens, affected their overall level of satisfaction and perception of well-being, and when the pressures could not be tolerated any further, the situation exploded into revolution.

The Morsi Meter

What can be done now that we have learned our lesson as government officials and national planners? Part of the answer is a more effective management of our public organizations and public programs. In the field of public policy and administration, there is a new line of thinking that idealizes the importance of performance management, that gives great attention to setting clear quantifiable indicators to measure government performance and use the information derived from the measurement process to guide the decision-making process; a whole sub-discipline has now been established that is referred to as performance monitoring and evaluation (M&E). There are M&E departments and units, there are consulting bodies, there are professionals, academic courses of studies, associations, networks, plus training and development programs, all aiming to measure and assess government performance. This applies to government projects, programs, initiatives, and policies. Similarly, the new talk in the field is about the need for evidence-based policy making, where the idea is not to make decisions relying on whims, preferences, or desires of leaders and politicians, but to have measurable evidence to justify decisions and policy choices. The new dialogue also focuses on outcomes, rather than outputs, in our assessment. It is not

enough anymore to say that 200,000 students graduated from our public universities (output). It is more important to find out what these students learned, what skills they developed, and whether the education they received enabled them to find jobs later in the market (outcomes). On the same note, it is not important to talk about increasing the number of hospitals built (output), but more significantly we should look at the quality of healthcare services they provide (outcome).

In line with the trend towards performance management for governments, currently there is a plethora of international measures for government's performance. These range from the Gross National Happiness indexes to the UNDP Human Development Indexes, on both an international and national level, to various assessments and rankings for the degree of good governance. The latter term, good governance, investigates the role of government as one of three main gears—with the private sector and civil society—that operates the social, political, and economic affairs and resources of a nation. Besides the regularly published and international Worldwide Governance Indicators from the World Bank, there is also the more comprehensive [Mo] Ibrahim Index of African Governance, and there are more specialized assessments such as one from Transparency International that look into degrees of perceived corruption around the world, and Amnesty International, which diligently documents and reports on the degree of civil liberties and human rights violations.

This line of thinking is very relevant to our discussion of humanitarian aspects of economic growth models. Governments should be held accountable for achieving real outcomes that meet the needs and expectations of their citizenry. Improved performance reference per capita income, growth rates, GDP, all should be paralleled with a rigorous monitoring and evaluation process of what that means in terms of the citizens' quality of life and the realization of the outcomes and impacts that meet with the citizens' needs and expectations, and simply makes them "happy."

This is what Egypt needs. Times have changed. Global citizens have high expectations of their governments and have a right to a humane good quality of life. They also have a right to a government that tries to make them happy. During the political transition in Egypt, the Egyptian Center for Public Opinion Research, known as Baseera, began conducting regular polls to assess citizens' satisfaction with President Mohammed Morsi. This was unheard of before the 2011 revolution. Another initiative was the Morsi Meter, a website that kept track of the president's promises, his self-imposed deadline of one hundred days, and what he has achieved. The Morsi Meter was inspired by the Obama Meter started in the United States to monitor President Barack Obama's fulfillment of his campaign promises. Citizens around the world have rising expectations. Their well-being should continuously be at the center of any economic development and national planning effort.