

U.N. REPORT LINKS WORLD POVERTY TO LACK OF FREEDOM

(Updating *Backgrounder* No. 384, "The U.N.'s Economic Credo: The Way the World Doesn't Work," October 3, 1984.)

A May 1 report approved by the United Nations Development Programme confirms what free market advocates have been saying for years: the world's poorest countries are also the least free.¹ *The Human Development Report 1991*, prepared by a team of economists and development experts directed by the UNDP, formulates a "Human Freedom Index" to measure the relative freedom existing in countries. While no surprise to free marketeers, the study's findings nonetheless apparently shock poor Third World countries. The reason: many of them ended up at the bottom of the Human Freedom Index. Stating that "political freedom seems to have unleashed the creative energies of the people — and [to have led] to ever higher levels of income and social progress," the UNDP's report establishes a clear link between economic and political freedom. This is an insight that American and U.N. policy makers should find instructive. One of the best ways to promote political freedom around the world is to encourage the growth of free markets and free trade.

The Report's Scorecard. The Human Freedom Index measures countries according to how they respect a long list of rights. These include: the right to travel at home and abroad, to associate and assemble peacefully, and to speak and write in indigenous languages; the freedom from forced and child labor, torture, capital punishment, arbitrary seizure of property, and censorship of the press; the legal right to express one's nationality, to an open trial, and to a judicial process that assumes a defendant innocent until proven guilty; and the right to freedom of religion, and to decide the number of one's offspring without governmental interference.

Countries were graded on a scale of 0 to 40 — 40 representing the highest level of freedom. The rankings were of the situations in 1985. Sweden and Denmark top the list, each with scores of 38; Belgium, France, and West Germany (as it was known when the measurements were taken) score 35. Next come Canada and Switzerland with 34 and the United States with 33. Britain and Japan score 32. On the low end of the scale, Iraq has a zero, followed closely by Libya with a one and China with a two. Vietnam and Cuba score five; Saudi Arabia and Kuwait score a six and an eight, respectively. Bangladesh gets a seven, Kenya an eight, and Haiti a nine. The world's largest democracy, India, scores a 14.

1 *The Human Development Report 1991* is available from Oxford University Press, New York City.

Poor Countries Lack Freedom. The poorest countries in this index are also the least free. America with an annual per capita gross domestic product of \$19,850, ranks high on the Human Freedom Index with a score of 33. Swedes earn \$14,940 on average, and their country scores a 38 on the freedom index. The British, French, Japanese and West Germans all have per capita GDPs in the \$13,000s. In contrast, the least free nations produce incomes for their citizens that are dramatically lower than those in free countries. Cubans are reported to earn a meager \$2,500 per annum, and they thus predictably receive a poor score at five on the Human Freedom Index. Other nations at the bottom of the freedom list are China, with a per capita GDP of \$2,470, and Vietnam, with \$1,000. The poorest nation in the world, Uganda with a per capita GDP of \$410, was even unable to be evaluated for the freedom index, because of a lack of data.

No measure of freedom could hope to capture perfectly the nuances of liberty in a simple numerical figure. Thus it is not surprising that the Human Freedom Index has flaws. For example, a nation loses points if it allows the death penalty. Yet, putting criminals to death for heinous crimes like murder in no way detracts from the political liberties enjoyed by all citizens. But the weakest part of the Human Freedom Index is that it does not explicitly measure economic freedom. It should score countries, for instance, on whether they protect the right freely to enter commercial contracts, the right of property against state interests and the freedom from seizure of property without a compelling government need, and whether they impose confiscatory taxes.

Learning from the UNDP Report. Curiously, the United Nations Development Programme has not learned the lesson of its own *Human Development Report 1991*. The *UNDP 1990 Annual Report*, for example, reveals that UNDP's economic development funds for 1992-1996 will be distributed to many countries that offer the least economic and political freedom. Yet UNDP funds typically are supposed to be for specific projects to increase economic growth and public welfare. Ignoring the linkage established in the *Human Development Report*, the UNDP bases its grants on "population, per capita gross national product (GNP), and additional criteria which weigh in favour of countries facing the greatest geographic disadvantages, such as landlocked countries, or economic difficulties, such as high debt service costs and deteriorating terms of trade."² Absent is any mention of the need for political and economic reforms that would produce economic growth and make the need for foreign aid unnecessary. As a result, much UNDP money is wasted, while potential worthy recipients are short-changed. Poland, for example, is bursting with political and economic freedom but will receive \$3.5 million from UNDP for the 1992-1996 budget period. Repressive Cuba, by contrast, will receive \$10.9 million. Similarly Czechoslovakia and Hungary will get merely \$1.6 million and \$1.8 million respectively, while Vietnam will get a whopping \$92.8 million.

UNDP grant makers seem unaware of what their boss, UNDP Administrator William Draper III, told the UNDP's Governing Council this June 19: "If society represses its people, it also represses their creativity and motivation and thus its growth rate and human progress."³ UNDP grant makers also seem unaware of the implications of their own report on human freedom. As the *Human Development Report 1991* indicates, societies that tax, spend, and heavily manage their economies are also the least politically free. The policies of the U.N.'s development agencies should begin reflecting this realization.

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2 *UNDP 1990 Annual Report: Putting People First*, p. 42.

3 Paul Lewis, "U.N. Index on Freedom Enrages Third World," *New York Times*, June 23, 1991, p. 11.