



Economic Security and Human Development

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1. Introduction

Since 1990, the Human Development Index has revolutionized discussions about human development. However, it suffers from two deficiencies, which can now be mitigated: geographic incompleteness and insufficiently “on-target” representation of economy, knowledge, and “a long and healthy life” at the level of the individual. This report summarizes attempts to rectify those deficiencies. In addition, steady advances in attempts to characterize different aspects of the human condition have resulted in indicators, covering varying numbers of countries, on a wide variety of subjects. If one were challenged to create an index on the condition of people-centric Human Security, such as the authors of the Human Development Index faced in 1990 and expanded qualitatively in 1994, one could now begin to do so – at least for the sake of discussion and resultant improvements. A prototype Human Security Index is presented and initially assessed here. This paper extends a paper (Hastings, 2008A) with additional data, and is designed to complement the Hastings (2008B) on geographically extending the Human Development Index. Initial findings are consistent with those of some sustainability and governance indicators – that stereotypical material development needs to be harmonized by good governance aimed at peacefulness, fair circumstances to all people, long-term environmental sustainability. The data show that most countries are characterized (in the draft indices) by one or more relative strengths, and also one or more weaknesses, which might help them to focus on areas for improvements. Indeed, no country ranks above .800 (on a 0-1.000 scale assign the Human Development Index) in all components. Another initial result of this work is a form of documentation that GDP-“developed” economies are not necessarily highly developed highly developed societies, in terms of equitability, social fabric, or human security. These societal characteristics are arguably more important to contentment-happiness-satisfaction than raw GDP per capita. Where the Human Development Reports of United Nations Development Programme pushed the envelope significantly from GDP per capita to include health and education, the equitability and social fabric documentation now beginning can push the envelope even farther. So the question arises. to characterize human security and societal development, and perhaps rectify challenges faced by societies in such dimensions of life

2. Objectives of the Paper

1. To Find out social safety from economic security
2. To Find out Responsible aspect for economic security
3. To find out meager problems in India.
4. To find out changes in Global World.

3. Related Literature

Anonymous(2009) Information sources for Economic Security Council from the United Nations and other international organizations, compiled by UN jobs Association of Geneva. *Conference on the Occasion of the 64th Anniversary of the UN Charter on Oct. 23, 2009, UNOG*. David A. Hastings 7 October 2009 (1) Global, regional and multispectral economic and social

development strategies and policies; (2) National development planning; & (3) Public administration and management. Johannes Ruhl, October 2009 Economic Security: Providing a Social Safety Net: What Role for the International Community. GIMUN Briefing Note by panel moderator: Roy Jayant (Nov25, 2007) India's economic security—The Financial Express

3. Methodology

1. Selection of input parameters
2. Computation of an Equitability/Inclusiveness Index and an Enhanced
3. Discussion of the Equitability/Inclusiveness Index and the Enhanced HDI
4. Discussion

5. What is Economic Security?

Is security a feeling or a verifiable condition that is independent of emotion? Actually, it is both—a dichotomy contained in the very definition of the word. My dictionary lists “freedom from danger” as a definition of security, but it also lists “freedom from fear or anxiety.” In the end, security involves achieving the former as a means of enabling the latter.

Attempts to define economic security differ from similar efforts in other security sectors. The meaning of economic security and securitization is becoming especially complex in finance. Different meaning of the term economic security theory is given in the different way.

5. Economic Security in an Era Of Globalization

The recent vicissitudes of societies in an increasingly integrated global economy have spurred renewed interest in economic security and forced its redefinition. This revised definition in turn has encouraged a search for policy prescriptions that will increase economic security in the new environment. Globalization, after undermining the old definition of economic security, is found at the center of a new definition that emphasizes the risks of unexpected shocks and economic volatility. The new definition must capture the causal consequences of globalization accurately and establish explicit benchmarks for assessing globalization's effects on economic security. The design of national, regional, and global institutions can then be evaluated in light of three available instruments for enhancing economic security: insurance, credibility, and adaptation. Economic security is not a new concern of governments. Economic instruments have long been part of the toolkit of statecraft, a means to influence other states and their policies (Hirschman, 1980; Baldwin, 1985). Economic security in this traditional view was security from manipulation by other governments that wielded these instruments. Insecurity was vulnerability to other states. Economic interdependence was viewed with wariness, particularly among developing countries, because it risked an increase in such vulnerability. Industrialized countries gradually overcame their anxieties over economic vulnerability after 1945

Economic security has preoccupied national governments, in Asia and elsewhere, when economic shocks have been so unexpected and severe that existing social and political arrangements appear threatened. Contemporary globalization – economic integration at the global level that is no longer limited to the industrialized countries – accelerated during the 1980s, as programs of economic liberalization spread throughout the developing world. A sharp increase in capital flows to developing countries in the early 1990s reinforced positive views of globalization. That sunny perspective did not last the decade; however, as successive financial crises affected administration that appeared little interested in collaboration to mitigate the effects of globalization on smaller, more open economies.

Of course, economic security is in many ways related to other aspects of human security, particularly food security and political security. A steady income allows people to acquire the

food they need to survive. Rising food prices require people to allocate a greater share of their income for food supply. And political insecurity may interfere with economic activity in general, making it harder for people to earn their living. In order to allow for a focused discussion, this panel shall not deal with questions of food security and political security, which are being discussed at a different venue. Economic security can either be achieved through income from work, or by a publicly financed social safety net.

The UN definition makes a hierarchical distinction between the two potential sources of income, with a clear preference for productive and remunerative work. Consequently, in the 1994 report by the UNDP, concerns about unemployment are seen as the most pressing ones. The international community has, for a long time, been involved in a discussion on how to stimulate economic growth, and thus the supply of jobs in developing countries.

A major part of Official Development Assistance (ODA) is directed towards enhancing the economic functioning of developing countries. A different question, which is discussed less often, is the provision of a social safety net: while almost all developed countries feature some kind of a social welfare state, people in developing countries are often at the mercy of threats to economic security.

6. Economic Security and Human Development

“Economic security requires an assured basic income – usually from productive and remunerative work, or in the last resort from some publicly financed safety net.” (UNDP 1994, p. 25).

This was the definition of economic security as provided by the UN in their 1994 Report on Human Development. Economic security can either be achieved through income from work, or by a publicly financed social safety net. The UN definition makes a hierarchical distinction between the two potential sources of income, with a clear preference for productive and remunerative work. Consequently, in the 1994 report by the UNDP, concerns about unemployment are seen as the most pressing ones. The international community has, for a long time, been involved in a discussion on how to stimulate economic growth, and thus the supply of jobs in developing countries.

7. The Provision of Economic Security

7.1 The international community

One fundamental question in the field of human security is “who should provide it?” The 1994 UNDP report is very unclear about this. It states that individuals have the main burden of mastering their lives. At the same time, the report calls for solidarity and cooperation in order to achieve the goals it sets. How should the burden be shared among the different actors? As stated, the creation of social insurance in the developed world was essentially a national process. Should the international community thus stand on the sidelines while developing countries develop their social welfare systems?

In fact, the international community is already strongly engaged in the provision of economic security. The Millennium Development Goal No. 1 calls for the eradication of extreme poverty and hunger by 2015. In particular, the number of people living on less than 1US\$ per day should be halved. However, most of the activity towards achieving this MDG has been focused towards food security (which is not our focus here) and to improve agricultural exploitation in developing countries. For poor urban populations, which are mostly salary dependent, not many initiatives have been forthcoming. These parts of the population would however profit most from social

insurance institutions related to unemployment, accident, family policy and others. The potential gains in terms of economic security are significant. Thus, there is a clear need for action from the international community to work towards better social safety nets for the urban proletariat in developing countries.

8. Problems for the provision of Economic Security in country like INDIA

Developing countries are confronted with big challenges when moving towards the provision of Economic Security nets. The problems are manifold:-

- Developing countries national budgets are often strongly overstretched. Tax collection is weak. Other issues, such as conflict relief and warfare, often take up a larger share of the national budget. No money is left for government-provided social insurance. However, donor governments sometimes provide budgetary help to assistance-receiving countries, which could be earmarked towards the construction of a social safety net.
- In developing countries economies like India, the informal sector is often bigger than the formal one. Individuals employed in the informal part of the economy enjoy even less protection in terms of social insurance than their counterparts in the formal sector. These jobs thus need to be brought into the formal sector, in order to give them appropriate social security. On the other hand, the wage-related costs of social insurance are often cited as one of the reasons why the informal sector is so large in the first place. Can this vicious circle somehow be broken?
- Globalization has sometimes been described as a 'race to the bottom'. Open borders and the mobility of capital have forced countries to lower their social and environmental standards in order to attract investment and maintain their productive sector. Therefore, countries cannot impose costly social insurance schemes on their economy, since the companies would leave for a 'cheaper' place to establish themselves. But is there really a 'race to the bottom', and does it really impede the provision of economic security?
- What is the role of private actors? Historically, in the developed countries, trade unions and religious groups have played a crucial role in the establishment of economical policy. Can such groups play a similar role in developing countries? If so, which stance should the international community take towards these actors?

Institutions and the provision of economic security under conditions of globalization. Globalization has produced new definitions of economic security centered on two types of unwanted transmissions across national borders: illicit flows that are more difficult to control and easier to disguise as legitimate economic transactions increase (terrorism, crime, pollution); and economic (largely financial) shocks that can undermine economic growth, increase inequality, and threaten political stability. Countering the first type of transmission involves identification, monitoring, and control at the national level, coupled with collaboration at the regional and global levels. Illicit flows often embody security threats independent of their effects on economic security.

Economic security is reduced when countermeasures taken against these threats impose costs on legitimate economic exchange and reduce the levels of legitimate trade and investment. More difficult to calculate and manage are the costs and risks associated with fluctuations in usually benign cross-border flows of goods, capital, and labor. It is this second dimension of economic insecurity that has drawn the most attention from policymakers. Institutions can offset the economic insecurity associated with globalization in three ways: providing *insurance*, adding to policy *credibility*, and encouraging *adaptation*.

In the past, Asian governments managed their links to the international economy through institutions with high credibility: adopting a strategy Economic security redefined: the (perceived) perils of globalization If globalization contributed to the erosion of an older definition of economic security, it also fostered a redefined concern over economic threats to national wellbeing.

Recurrent financial crises during the 1990s struck emerging markets in Asia and elsewhere with particular force, to the surprise of both national elites and many financial market observers. These powerful shocks reinforced a more pessimistic view of a globalize world: economic openness might produce more economic insecurity. Renewed attention to the negative effects of globalization was reinforced by additional economic shocks that flowed from the terrorist attacks of 11 September 2001 and the Severe Acute Respiratory Syndrome (SARS) epidemic of 2003. The new century had dawned, it seemed, on an international landscape of diminished economic opportunity and heightened threat.

This swing from exaggerated optimism over the benefits of globalization to a more pessimistic assessment of insecurity in a globalize world was to be expected. Renewed economic insecurity, however, was not centered primarily on the threat of economic manipulation by rival states, as older anxieties had been. Instead, the new assessment linked globalization to economic security in two ways. Both emphasize the importance of no state actors and the new economic environment that they have created and exploited. Rather than concentrating solely on the vulnerability of states, both stress the vulnerability of individuals, groups, and societies as well as the internal political consequences of that vulnerability. Rather than external manipulation by other states, the undermining of state authority by no state networks and economic shocks is central.

9. The Indian Economic Security

The Indian economy is steadily growing at an incredible pace with no major domestic or external imbalances apparent. But is it secure? The answer is not obvious, since economic security is a complex dynamic concept. In todays globalize world, it is best defined by the state's ability to meet, on a sustained basis, the material aspirations of its citizens. This depends to a considerable extent on the state's institutional capacity to cushion its people from domestic and global threats.

Seen thus, the country's economic security is related to every aspect of production, distribution and consumption of goods and services. Thus, the agenda for economic security includes almost every aspect of government and business policy. But in order to determine how secure the Indian economy is, I have narrowed the definition, in a paper I am preparing for the new CII Council on Economic Security, to three concepts: resources security, institutional security and strategic security.

Resources Security: this encompasses two broad areas of natural resource security that includes efficient and sustainable access to water, energy and other natural resources; and human resource security that requires a workforce with adequate skills to ensure global competitiveness. India does not measure up too well on these counts. In spite of a large endowment of arable land, it has low agricultural productivity - and it grew at a mere 7% annually over 1995 to 2004 - in comparison with other large emerging economies. The underlying reasons are poor rural infrastructure, neglect of the food-processing sector and policy inadequacies in the organized retail sector that make it difficult to optimize supply chains for agriculture products. India has the lowest renewable water resources among major global economies. Industrial and urban demand

for water is fortunately low by international norms, but demand might increase hugely, "crowding out" water for agriculture.

Separately, India needs to prepare a plan for sustainable energy security, given its heavy dependence on imported oil & gas. India also loses about a quarter of the electricity it generates to transmission and distribution losses. Like China, India is well placed in terms of human resource endowment. India can compete with other developing countries in labor intensive sectors and with OECD economies in knowledge intensive sectors.

But larger social investment is essential to sustain this edge. About 340 million Indians below 15 years of age will require education, health and nutrition. But India is clearly lagging behind the rest of the world in human. The basic concept of economic security is not new in India. Traditionally, a sort of moral economy existed to provide security to older destitute and other vulnerable groups in society. However, gradually, traditional support systems are disappearing, and state-based economic security systems have come into existence. Under standardized economic security policies, government is covering retirement benefits for those in the organized sector; economic security benefits for those in the unorganized sector; and old-age pension for rural elderly. These are contributory as well as non-contributory programs.

Besides life insurance approaches, savings-linked insurance and Annapurna (food security) are other important programs. However, in terms of coverage, program quality and effectiveness have been largely criticized by social security experts, suggesting immediate reforms to old-age programs.

10. Economic Development: Review of last year's presentation

- Growth trajectory lifted to 6% during 1980s & 1990s from 3% over 1960s & 1970s
- TFP & labor productivity in the 1990s higher than the average of the 1980s, but agriculture lagged in the 1990s and inter-state inequalities worsened
- Economic Developments under Dr. Manmohan Singh Govt.
- Indian economy has moved to a higher growth trajectory? : 8%+ growth
- Saving & investment ratio has hit an all time high of 30%+
- Foreign investment (FDI+ FII) =US\$18bn p.a.; strengthened IPR protection will raise FDI
- Profit growth has been around 30% p.a.
- Remittances exceeding US\$20bn. p.a.
- Stock market index has more than doubled
- Completion of infrastructure projects more rapid
- Turnaround in Indian Railways

11. Conclusion

Economic Growth and Human Development

The HD-GNP cycle proportion of GNP spent by the various levels across countries in each of these ratios, which of government; the HD-allocation ratio, means that the same level of GNP may be denned as the proportion of total government associated with very deferent levels of government spending on HD priorities. 18 expenditure going to the HD-sectors; and, ,the HD priority ratio, denned as the underlying determinants of these three proportion of total HD-sector expenditure ratios are complex, but include the following:

- Going to ``priority areas." Within the HD-sec-the tax capacity of the system;
- The strength torso, some expenditures are clearly much more of the demand for military expenditure and for productive in terms of achieving advances another non-HD priorities of the government;

- HD than others; for example, basic education, the varying interplay between bureaucratic especially at an early stage of development, is forces, vested interests and popular pressures. It generally recognized to have a larger impact on should be noted that all three ratios are ejected especially at an early stage of development, is forces, vested interests and popular pressures. It generally recognized to have a larger impact should be noted that all three ratios are ejected.

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