

Gap Between GDP and HDI: Are the Rich Country Experiences Different from the Poor?

Surajit Deb (Aryabhata College, University of Delhi)

Paper Abstract:

The limitation of GDP as a measure of a country's overall well-being and progress has been a subject of considerable debate over the past two decades, where it is argued that well-being is a multidimensional concept that cannot be captured by per capita GDP alone (UNDP1990, Stiglitz et al 2008, European Commission 2009, Costanza, et al 2009, Coyle 2014, Karabell 2014). However, the previous research has also indicated that a scatter plot of the HDI and per capita GDP or the correlation between the two reveals that the latter can statistically be as good as an indicator of progress as the latter. This paper examines the rank differences between the two in a 140 country sample during four points of time, viz., 1990, 2000, 2010 and 2013, and also focuses on the sub-sample of countries with different income groups. The scatter plot, Spearman's rank correlation and rank ordered logit and probit regression reveal that the two measures relate positively very strongly in the overall sample of all countries. But, the analysis for different income group of countries suggests that the positive relationship is more prominent for the low income countries and weakens for the middle and high income countries in all the years.