

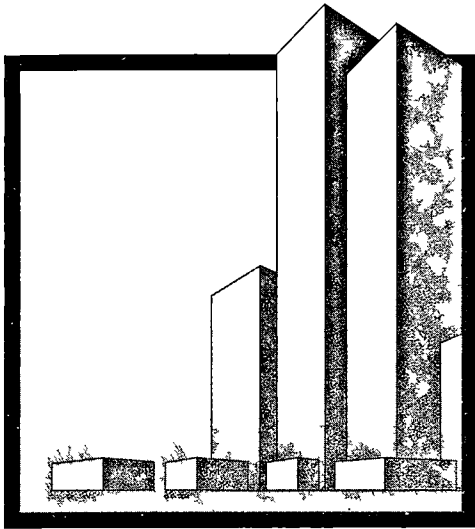
World consumption during the 20th century has grown at an unprecedented rate, reaching about \$24 trillion in 1998. This increase has been part of the historical progress of the century. Consumers today enjoy unprecedented abundance—yet more than 1 billion people have been left out of this consumption explosion. And consumption growth has brought its own problems—inequality, environmental stresses and adverse social impacts from rising pressures for competitive spending. Globalization has spread new products to new markets around the globe, creating many opportunities but also creating new needs for product safety and consumer information.

These trends are undermining the prospects for human development. *Human Development Report 1998* reviews the challenges that all people and all countries face—to forge consumption patterns that are more environmentally friendly, more socially equitable, that meet basic needs of all and that protect consumer health and safety.

The Report includes a special contribution from Professor John Kenneth Galbraith, who wrote forty years ago in his seminal book *The Affluent Society* about private affluence amid public squalor. Revisiting the scene now, he finds that the contrasts, far from narrowing, have grown. And to them are added private and environmental squalor.







HUMAN DEVELOPMENT REPORT 1998



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Foreword

The *Human Development Report*, since its launch in 1990, has defined human development as the process of enlarging people's choices. This year's Report examines consumption from the perspective of human development. It concludes that despite a dramatic surge in consumption in many countries, all is not well: more than a billion people lack the opportunity to consume in ways that would allow them to meet their most basic needs. Other consumers—including me and most likely you and the societies in which we live—are consuming in ways that cannot be long sustained environmentally or socially and that are quite often inimical to our own well-being.

It is a truism that bears repeating: more is not invariably better. Consumption has grown at an unprecedented pace in this century, reaching some \$24 trillion in 1998, but that growth has not yielded only benefits. Yet we appear to be on a runaway consumption train. For the more than one billion people living at or near the margin, increased consumption is essential. For those at the top, increased consumption has become a way of life. Yet we know, and this year's Report shows, that some aspects of consumption are undermining the prospects of sustainable human development for all.

When consumption erodes renewable resources, pollutes the local and global environment, panders to manufactured needs for conspicuous display and detracts from the legitimate needs of life in modern society, there is justifiable cause for concern.

Those who call for changes in consumption, for environmental or other reasons, are often seen as hair-shirt ascetics wishing to impose an austere way of life on billions who

must pay for the waste of generations of big consumers. Advocates of strict consumption limits also are confronted with the dilemma that for more than one billion of the world's poor people increased consumption is a vital necessity and a basic right—a right to freedom from poverty and want. And there is the ethical issue of choice: how can consumption choices be made on behalf of others and not be seen as a restriction on their freedom to choose?

The Report poses these hard questions and concludes that the need is not so much for more consumption or for less, but for a different pattern of consumption—consumption for human development. It marshals environmental, developmental, technological and moral arguments to present a critique of consumption patterns that are inimical to human development, and an agenda for action to create an enabling environment for sustainable consumption for human development.

Poor people and poor countries need to accelerate the growth of their consumption, but they need not follow the path trodden by the rich and high-growth economies. Production techniques can be made more environmentally friendly. Environmental damage can be reversed. The global burden of reducing environmental damage and underdevelopment can be shared more equitably. And patterns of consumption that harm society and reinforce inequalities and poverty can be changed. Above all, we must make a determined effort to eradicate poverty and expand the consumption of the more than one billion desperately poor people who have been left out of the global growth in consumption.

The Report contains a message of qualified optimism. Awareness of the damaging

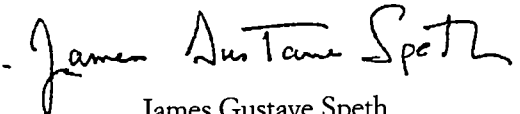
effects of consumption has been increasing, and the momentum for consumption for human development growing. Poverty has been declining, sometimes rapidly. Many of the approaches and technologies needed to make consumption more sustainable are already in use or are on the drawing board—though they need to be applied far more broadly. The challenge is to accelerate these actions. Ways must be found to provide stronger international support for poor countries and to moderate the growing inequity between and within countries.

As in previous years, this year's *Human Development Report* is the fruit of a collaborative effort by a team of eminent consultants and advisers and the Human Development Report team. Richard Jolly, my special adviser, together with Sakiko Fukuda-Parr, Director of the Human Development Report Office, led the effort.

The analysis and policy recommendations in this Report do not necessarily reflect the views of the United Nations Development Programme, its Executive Board or its Member States. The indepen-

dence of views and the professional integrity of its authors ensure that the conclusions and recommendations offered here will have the greatest possible audience.

As always, this is an innovative and thought-provoking report. I welcome the publication of *Human Development Report 1998* as an important contribution to the international debate on consumption and human development. I look forward to the Report's serving as an inspiration to the many national human development reports that our programme countries are preparing with the support of UNDP country offices. I hope in particular that it serves as a useful stimulus to the many non-governmental and community movements that have long led the way on issues of consumption, poverty, environment and human development. The Report ends by emphasizing the need for new and stronger alliances among these groups. Such alliances are vital for defining a more human vision of consumption and for generating the action required to achieve it in the 21st century.


James Gustave Speth

New York
May 1998

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ABBREVIATIONS

AIDS	Acquired immunodeficiency syndrome
CIS	Commonwealth of Independent States
CO ₂	Carbon dioxide
DAC	Development Assistance Committee of the OECD
EU	European Union
GDI	Gender-related development index
GDP	Gross domestic product
GEM	Gender empowerment measure
GNP	Gross national product
HDI	Human development index
HIPC	Heavily Indebted Poor Countries
HIV	Human immunodeficiency virus
HPI	Human poverty index
IMF	International Monetary Fund
NGO	Non-governmental organization
OECD	Organisation for Economic Co-operation and Development
PPP	Purchasing power parity
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WHO	World Health Organization
WTO	World Trade Organization