

Analysis of Human Development in Balkan Countries: A Comparison of West and Middle Europe Countries

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Abstract: Since the beginning of 1990s, Balkan countries have significantly been changing as social, economic and politic structure. However, these countries have important differences in terms of human development indicators. Some countries in Balkans have low GDP levels. However, some countries replace between High Level Development countries in Human Development Index (prepared by UNDP). The aim of this paper is to investigate in terms of human development of Balkan countries that are not being member of EU countries. In scope of this aim, we will compare with three country groups related to human development. These groups are currently EU members countries (exclude Balkan countries), currently Balkan countries that are member of EU and other Balkan countries. As a result, this paper will have determined whether or not suitable for full membership to EU of Balkan countries.

Key Words: Balkan Countries, Human Development Index, European Union Countries.

Introduction

For the first time, “development” concept emerged after nation-states (Balanuye and Halıcı, 2006). It was based on a need for some structural and qualitative improvements in developing countries (Şan, 2005). The same concept as a branch of development economics, for the first time, was used after Great Depression. Especially, development economics took more of an interest in 1940s. Since World War II, development concept has usually been examined economically. In balanced and unbalanced development theories, neo-liberal approaches and dependence theories, development problem was seen as a part of production process. Thus, proposals concerning solution also have focused how production factors could be obtained and how they could be used in production process (Yavilioğlu, 2002). Because development and growth is examined together, in measurement of development is also used indicators related to economic growth. If a country has a positive growth rate in its GDP and its growth rate is stable, it is accepted as a development country. Raising per capita income is other development indicator (Mihçı, 1996).

Gross national product (GNP) or gross domestic product (GDP) were originally created as indicators of total economic output for macroeconomic stabilization policy and were therefore not meant to be indicators of well-being. On the other hand, it is certainly true that policy makers, the media and the public alike seem to equate GNP/GDP with well-being. In international comparison as well, it is thought of the countries with a high GNP/GDP as not only the rich, but also the well-off countries. However, because income is just one of the components of well-being, GNP/GDP have long since been criticized as misleading and deficient indicators of well-being (Neumayer 2004).

Not only does development concept describe rising in GDP, but it has important effects on social and economic life, including education, health (Demiral, 2007). However, even if some countries are described as developed economically, they also have very problems. Thus, there is a need for a relationship between economic growth and human development (Demir, 2006). The fact that development is only described as an economic concept means that human factor is highly not considered. Development is based on fact of “human development” (UNDP,

2002). Most economics accept that GDP by itself is useful in measuring “economic development” but it is inadequate to understand a nation’s social and cultural level (Piana, 2001). Therefore, it is defined development as not only a rising in GDP and a diminishing in poverty but also a multidimensional process bringing about an important change in social behaviors and structures and national institutions (Açıkgöz, Kök, İspir, 2008).

Development states improvement process of life quality of all people. Here, there are three facts in appearance of development that have equal importance. First is an improvement in life quality of people, so that their incomes increase, their education, health conditions improve. Second is an increase in self-confidence and merit of people with developing social, cultural, political and economic structure. Finally, changing in their preference opportunities of people increased their independences, and diversity of goods and services (Günsoy, 2005).

What are factors that affect affirmatively human lifetime? How do people live on healthier? How do they prevent more efficient from illness? How do they enrich their thinking world? The kinds of questions are based on human life regarding development (Mihçi, 1996). The first author is Amartya Sen, who has examined this subject on this base. According to Sen, there is human being in the base of all activities. Thus, development is to be based on their liberties, achievements and capabilities (Anand and Sen, 1994). People will be able to obtain a higher quality lifetime through better education and health system. Higher capacities create more liberty life standard. More liberty people are more productive. In other words, there are subjects regarding people’s life quality in Sen’s approach. Therefore, not being monetary issues have more priority than monetary ones do.

Having higher growth rate is inadequate to be development for a country. Furthermore, there is a need for being known what development process are. Today, development is not about economic performance alone, but most importantly about people and their wellbeing (Jahan, 2005). Thus, in period that was discussed approaches regarding development, Human Development Report was published by UNDP, focusing Sen’s capability and functioning approach (Baliamoune and Lutz, 2004). Aim of the reports, which was firstly prepared by Mahbul ul Haq’s team in 1990, puts human being in national and global policies and attracts attention of international development environments to importance of life quality. Now, governments, non-governmental organizations, academicians and media for the purpose of comparison of countries’ development levels (Gürses, 2009) use the reports.

The concept of human development emphasized that (Jahan, 2005):

- Development is about enlarging people’s choices by enhancing their functionings and capabilities.
- Development is of the people, for the people and by the people. The first refers to human capital formation and human resources development through nutrition, health and education. Development for the people stresses that the benefits of economic growth must be translated into lives of people. Development by the people means that people must be able to influence the process, which affects their lives.
- Development must be woven around people, and not people around development

Measure of Human Development Index

The HDI is a summary measure of human development. It measures the average achievements in a country in three basic dimensions of human development (UNDP, 2005):

- A long and healthy life, as measured by life expectancy at birth.
- Knowledge, as measured by the adult literacy rate (with two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (with one-third weight).
- A decent standard of living, as measured by GDP per capita in purchasing power parity (PPP) terms in US dollars.

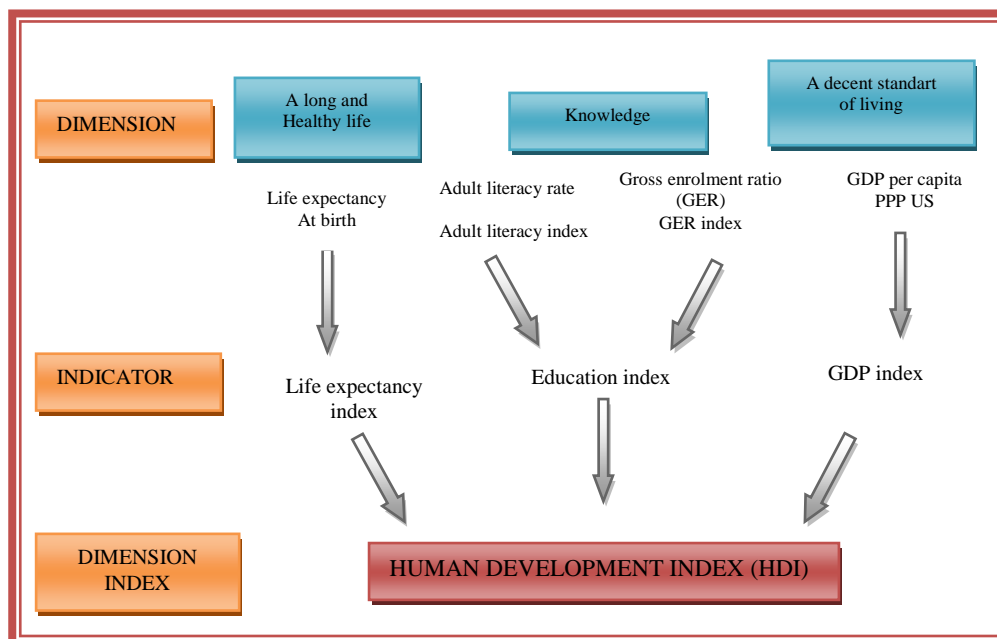


Figure 1: Formation of Human Development Report.
Source: UNDP (2005) Human Development Report

Before the HDI itself is calculated, an index needs to be created for each of these dimensions. To calculate these indices—the life expectancy, education and GDP indices—minimum and maximum values (goalposts) are chosen for each underlying indicator. Performance in each dimension is expressed as a value between 0 and 1 by applying the following general formula:

$$\text{Dimension Index} = \frac{\text{actual value} - \text{min value}}{\text{max value} - \text{min value}}$$

The HDI is then calculated as a simple average of the dimension indices. The box at right illustrates the calculation of the HDI for a sample country.

| Indicator | Maximum Value | Minumum Value |
|------------------------------------|---------------|---------------|
| Life expectancy at birth (years) | 85 | 25 |
| Adult literacy rate (%) | 100 | 0 |
| Combined gross enrolment ratio (%) | 100 | 0 |
| GDP percapita (PPP US\$) | 40.000 | 100 |

Table 1: Goalposts for calculating the HDI
Source: UNDP (2005) Human Development Report

i) Life Expectancy Index: The life expectancy index measures the relative achievement of a country in life expectancy at birth.

$$\text{Life Ecpectancy Index} = \frac{LE - 25}{85 - 25}$$

ii) Education Index: The education index measures a country's relative achievement in both adult literacy and combined primary, secondary and tertiary gross enrolment. First, an index for adult literacy and one for combined gross enrolment are calculated. Then these two indices are combined to create the education index, with two-thirds weight given to adult literacy and one-third weight to combined gross enrolment.

$$\text{Education Index} = \frac{2}{3} * ALI + \frac{1}{3} * GEI$$

$$\text{Adult Literacy Index (ALI)} = \frac{ALR - 0}{100 - 0}$$

$$\text{Gross Enrollment Index (GEI)} = \frac{CGER - 0}{100 - 0}$$

iii) GDP Index: The GDP index is calculated using adjusted GDP per capita (PPP US\$). In the HDI income serves as a surrogate for all the dimensions of human development not reflected in a long and healthy life and in knowledge. Income is adjusted because achieving a respectable level of human development does not require unlimited income. Accordingly, the logarithm of income is used.

$$\text{GDP Index} = \frac{\log(GDPpc) - \log(100)}{\log(40.000) - \log(100)}$$

$$\text{HDI Index} = 1/3(\text{Life Expectancy Index}) + 1/3(\text{Education Index}) + 1/3(\text{GDP Index})$$

Human Development Index (HDI) values ranges between 0 and 1. 0 value shows the lowest degree of HDI. 1 value shows the highest degree of HDI. HDI includes in three groups of countries regarding their development levels. If a country's HDI value is between 0 and 0.499, it has Low Human Development; if a country's HDI value is between 0.500 and 0.799, it has Medium Human Development; if a country's HDI value is between 0.800 and 1, it has High Human Development (Ünal, 2008).

Human Development in Balkan Countries

In the 20th century, Balkan countries had partly different processes of development. Since 1981, Greece has been a member of EU. In addition, it is an insider of Euro zone and Western European Union (WEU). Slovenia joined EU in 2004. Bulgaria and Romania were insiders of EU in 2007. Although Turkey applied for membership of EU, it was able to start membership negotiations in 2005. In 2005, Croatia and Macedonia were members of EU. On the other hand, Bosnia and Herzegovina, Montenegro and Serbia have applied to membership of EU.

This paper intends to examine Balkan countries' human development levels in process of membership of EU. The countries are three groups that are EU members, Balkan countries in EU and Balkan countries in process of EU membership. Balkan countries will compare with EU (15), and other EU (10) members that were accepted membership in 2004³¹. The paper analyzes sub-indexes in HDI and examines countries' HDI as a whole. It is used data from Human Development Reports (2000-2007) by published UNDP.

³¹ EU (15): Germany (1957), France (1957), Belgium (1957), Italy (1957), Luxemburg (1957), Netherland (1957), Denmark (1973), Ireland (1973), İngiltere (1973), Greece (1981), Spain (1986), Portugal (1986), Sweden (1995), Austria (1995), Finland (1995),

EU (10): Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovak Republic, Slovenia: (2004)

EU (2): Romania, Bulgaria: (2007)

Balkan Countries: Greece, Slovenia, Bulgaria, Romania, Albania, Bosnia and Herzegovina, Montenegro, Serbia, Macedonia, Croatia, Turkey

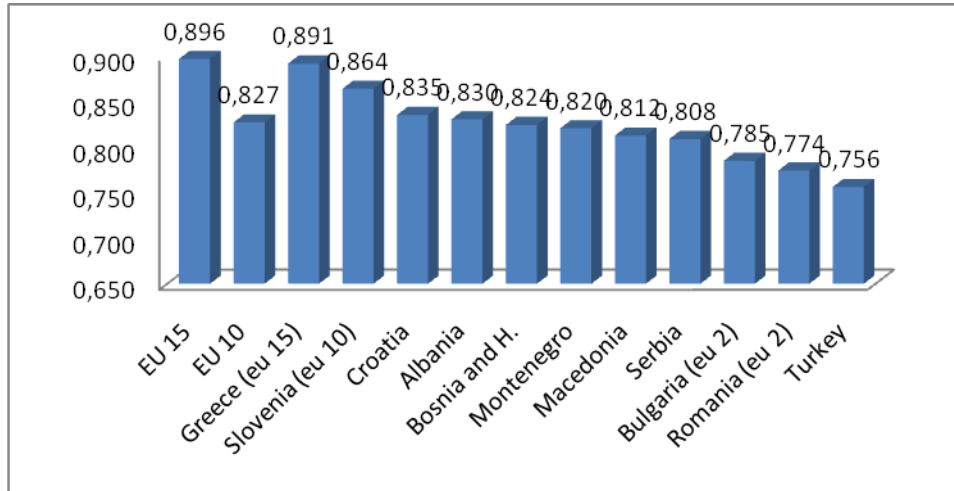


Figure 2: Life Expectancy Index 2000-2007

Greece has the highest Life Expectancy Index. Slovenia, Croatia and Albania follow Slovenia Bulgaria and Romania have rather low LIE values. Within Balkan countries, which are non-member EU, Croatia has the highest value. Turkey is at last rank regarding same value.

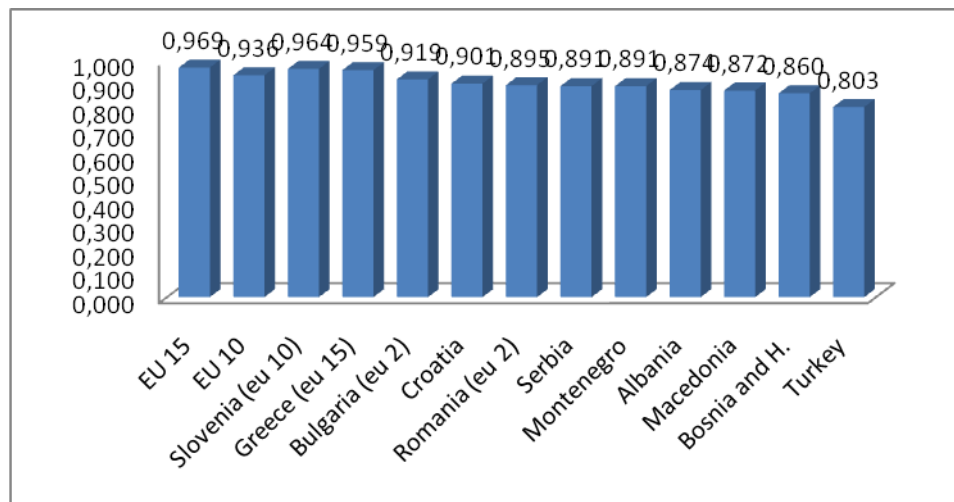


Figure 3: Education Index 2000-2007

According to Education Index, the highest value belongs to Slovenia, whose value is above of average of EU's one. Greece Education Index follows Slovenia's one. Turkey has the lowest value of Education Index

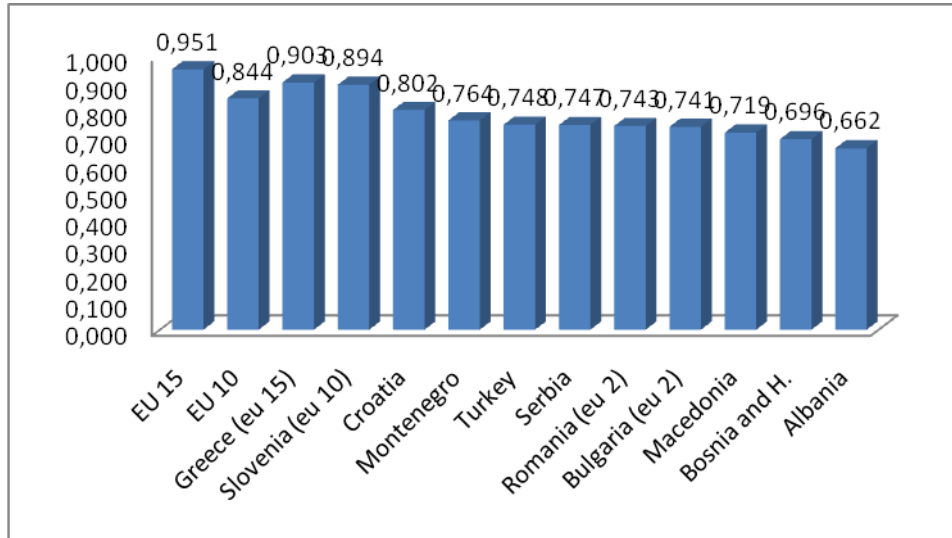


Figure 4: GDP Index 2000-2007

According to GDP Index, Greece has the highest value. Slovenia is in second rank. Both countries place above of average of EU (10) countries, whose value is 0.844. Within non-member EU countries, Croatia has the highest GDP Index value. Albania has GDP Index value.

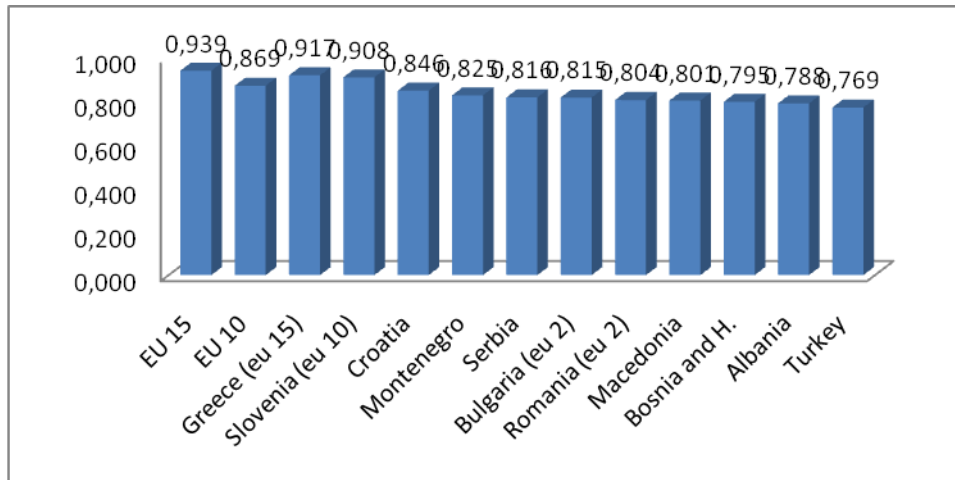


Figure 5: Human Development Index 2000-2007

Greece has the highest Human Development Index value. Although Greece is above of average of EU's (10), it is below of average of EU's (15). Slovenia has second high value. Within non-member EU countries, Croatia is a country that has the highest HDI. Montenegro and Serbia follow Slovenia. Moreover, in 2007, levels of these countries' HDI were higher than Romania's and Bulgaria's ones. Turkey has lower value than Macedonia, Bosnia and Herzegovina and Albania do.

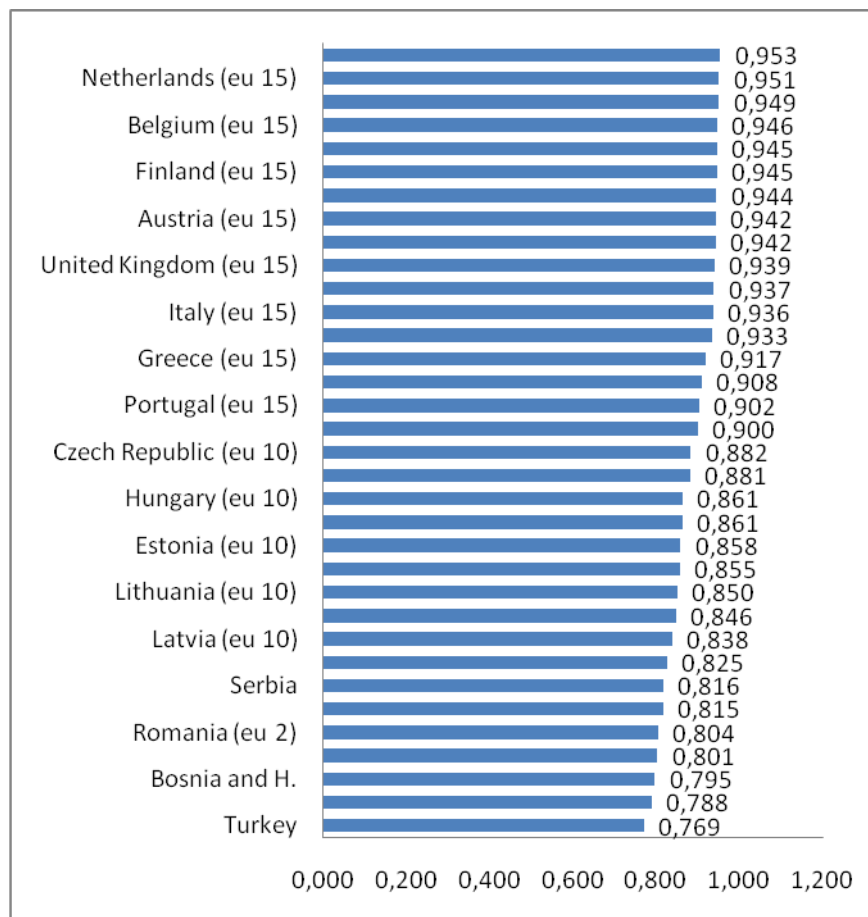


Figure 6: Human Development Index 2000-2007, All Countries

According to Human Development Index results for all countries, Sweden has the highest value regarding 2000-2007 averages. Respectively, Netherlands, Ireland, Belgium, Luxemburg, Finland, France, Austria, Denmark, England, Spain and Germany (EU 15) follow Sweden. Within EU (15) Greece has only better HDI level than Portugal does. Within countries that have been member of EU since 2004, Slovenia has the highest HDI value so that its value is higher than Portugal's. Romania and Bulgaria, which have been EU member since 2007, have lower HDI degree than Croatia, Montenegro and Serbia, which have not been EU member yet. Macedonia, Bosnia and Herzegovina, Albania and Turkey are last ranks.

Concluding Remarks

From 2000 to 2007 in Human Development reports, respectively, Greece, Slovenia, Croatia, Montenegro, Serbia, Bulgaria, Romania and Macedonia have high HDI values. Bosnia and Herzegovina, Albania and Turkey have medium HDI values. Greece is below of EU (15) average HDI. Slovenia has a HDI value that is higher than EU (10) average. Romania and Bulgaria, which have been EU members since 2007, have lower HDI than Croatia, Montenegro and Serbia, which have not been EU members yet.

Within non-member EU Balkan countries, Croatia is an outstanding country. Croatia has high values of three sub-indexes of HDI. Although Albania and Bosnia and Herzegovina have high values in Life Expectancy Index, their values of Education Index and GDP Index are rather low. Thus, the countries' HDI values are also low. There is a similar situation for Turkey, whose GDP Index value is quite high. However, because of low values of Education Index and Life Expectancy Index, Turkey is in last rank regarding HDI. According HDI values, Balkan countries are two groups: first group includes the countries that are Croatia, Montenegro, Serbia and Macedonia, which have high HDI; second group is Bosnia and Herzegovina, Albania and Turkey that have medium HDI.

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