

MACROECONOMICS AND HUMAN DEVELOPMENT

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This article analyses the interactions between macroeconomics, in terms of objectives and policies, and human development, which is about the well-being of people. Each can, and often does, exercise a significant influence on the other. Macroeconomics matters for human development because it determines the level of employment, the degree of social protection and the public provision of services such as healthcare or education. Human development has implications and consequences for macroeconomics, for it can mobilize or claim resources to enlarge or diminish space for macroeconomic policies. The relationship exists, and matters, not only in poor countries but also in rich countries. Employment, even if neglected, provides the critical link. The paper shows that the causation runs in both directions and could be either positive or negative. It also reveals similarities and differences between developing countries and industrialized countries. The political context is significant, everywhere, as interests, ideology and institutions influence economic policies in both spheres to shape outcomes.