

DEVELOPMENT AS FREEDOM

elementary freedoms to vast numbers—perhaps even the majority—of people. Sometimes the lack of substantive freedoms relates directly to economic poverty, which robs people of the freedom to satisfy hunger, or to achieve sufficient nutrition, or to obtain remedies for treatable illnesses, or the opportunity to be adequately clothed or sheltered, or to enjoy clean water or sanitary facilities. In other cases, the unfreedom links closely to the lack of public facilities and social care, such as the absence of epidemiological programs, or of organized arrangements for health care or educational facilities, or of effective institutions for the maintenance of local peace and order. In still other cases, the violation of freedom results directly from a denial of political and civil liberties by authoritarian regimes and from imposed restrictions on the freedom to participate in the social, political and economic life of the community.

EFFECTIVENESS AND INTERCONNECTIONS

Freedom is central to the process of development for two distinct reasons.

- 1) *The evaluative reason:* assessment of progress has to be done primarily in terms of whether the freedoms that people have are enhanced;
- 2) *The effectiveness reason:* achievement of development is thoroughly dependent on the free agency of people.

I have already signaled the first motivation: the evaluative reason for concentrating on freedom. In pursuing the second, that of effectiveness, we have to look at the relevant empirical connections, in particular at the mutually reinforcing connections between freedoms of different kinds. It is because of these interconnections, which are explored in some detail in this book, that free and sustainable agency emerges as a major engine of development. Not only is free agency itself a "constitutive" part of development, it also contributes to the strengthening of free agencies of other kinds. The empirical connections that are extensively explored in this study link the two aspects of the idea of "development as freedom."

The relation between individual freedom and the achievement of social development goes well beyond the constitutive connection—

important as it is. What people can positively achieve is influenced by economic opportunities, political liberties, social powers, and the enabling conditions of good health, basic education, and the encouragement and cultivation of initiatives. The institutional arrangements for these opportunities are also influenced by the exercise of people's freedoms, through the liberty to participate in social choice and in the making of public decisions that impel the progress of these opportunities. These interconnections are also investigated here.

SOME ILLUSTRATIONS: POLITICAL FREEDOM AND QUALITY OF LIFE

The difference that is made by seeing freedom as the principal ends of development can be illustrated with a few simple examples. Even though the full reach of this perspective can only emerge from a much more extensive analysis (attempted in the chapters to follow), the radical nature of the idea of "development as freedom" can easily be illustrated with some elementary examples.

First, in the context of the narrower views of development in terms of GNP growth or industrialization, it is often asked whether certain political or social freedoms, such as the liberty of political participation and dissent, or opportunities to receive basic education, are or are not "conducive to development." In the light of the more foundational view of development as freedom, this way of posing the question tends to miss the important understanding that these substantive freedoms (that is, the liberty of political participation or the opportunity to receive basic education or health care) are among the *constituent components* of development. Their relevance for development does not have to be freshly established through their indirect contribution to the growth of GNP or to the promotion of industrialization. As it happens, these freedoms and rights are *also* very effective in contributing to economic progress; this connection will receive extensive attention in this book. But while the causal relation is indeed significant, the vindication of freedoms and rights provided by this causal linkage is over and above the directly constitutive role of these freedoms in development.

A second illustration relates to the dissonance between income per head (even after correction for price variations) and the freedom of individuals to live long and live well. For example, the citizens of

Gabon or South Africa or Namibia or Brazil may be much richer in terms of per capita GNP than the citizens of Sri Lanka or China or the state of Kerala in India, but the latter have very substantially higher life expectancies than do the former.

To take a different type of example, the point is often made that African Americans in the United States are relatively poor compared with American whites, though much richer than people in the third world. It is, however, important to recognize that African Americans have an *absolutely* lower chance of reaching mature ages than do people of many third world societies, such as China, or Sri Lanka, or parts of India (with different arrangements of health care, education, and community relations). If development analysis is relevant even for richer countries (it is argued in this work that this is indeed so), the presence of such intergroup contrasts within the richer countries can be seen to be an important aspect of the understanding of development and underdevelopment.

TRANSACCIONS, MARKETS AND ECONOMIC UNFREEDOM

A third illustration relates to the role of markets as part of the process of development. The ability of the market mechanism to contribute to high economic growth and to overall economic progress has been widely—and rightly—acknowledged in the contemporary development literature. But it would be a mistake to understand the place of the market mechanism only in derivative terms. As Adam Smith noted, freedom of exchange and transaction is itself part and parcel of the basic liberties that people have reason to value.

To be *generally against* markets would be almost as odd as being generically against conversations between people (even though some conversations are clearly foul and cause problems for others—or even for the conversationalists themselves). The freedom to exchange words, or goods, or gifts does not need defensive justification in terms of their favorable but distant effects; they are part of the way human beings in society live and interact with each other (unless stopped by regulation or fiat). The contribution of the market mechanism to economic growth is, of course, important, but this comes only after the direct significance of the freedom to interchange—words, goods, gifts—has been acknowledged.

As it happens, the rejection of the freedom to participate in the labor market is one of the ways of keeping people in bondage and captivity, and the battle against the unfreedom of bound labor is important in many third world countries today for some of the same reasons the American Civil War was momentous. The freedom to enter markets can itself be a significant contribution to development, quite aside from whatever the market mechanism may or may not do to promote economic growth or industrialization. In fact, the praise of capitalism by Karl Marx (not a great admirer of capitalism in general) and his characterization (in *Das Kapital*) of the American Civil War as “the one great event of contemporary history” related directly to the importance of the freedom of labor contract as opposed to slavery and the enforced exclusion from the labor market. As will be discussed, the crucial challenges of development in many developing countries today include the need for the freeing of labor from explicit or implicit bondage that denies access to the open labor market. Similarly, the denial of access to product markets is often among the deprivations from which many small cultivators and struggling producers suffer under traditional arrangements and restrictions. The freedom to participate in economic interchange has a basic role in social living.

To point to this often neglected consideration is not to deny the importance of judging the market mechanism comprehensively in terms of all its roles and effects, including those in generating economic growth and, under many circumstances, even economic equity. We must also examine, on the other side, the persistence of deprivations among segments of the community that happen to remain excluded from the benefits of the market-oriented society, and the general judgments, including criticisms, that people may have of lifestyles and values associated with the culture of markets. In seeing development as freedom, the arguments on different sides have to be appropriately considered and assessed. It is hard to think that any process of substantial development can do without very extensive use of markets, but that does not preclude the role of social support, public regulation, or statecraft when they can enrich—rather than impoverish—human lives. The approach used here provides a broader and more inclusive perspective on markets than is frequently invoked in *either* defending *or* chastising the market mechanism.

I end this list of illustrations with another that draws directly on a personal recollection from my own childhood. I was playing one afternoon—I must have been around ten or so—in the garden in our family home in the city of Dhaka, now the capital of Bangladesh, when a man came through the gate screaming pitifully and bleeding profusely; he had been knifed in the back. Those were the days of communal riots (with Hindus and Muslims killing each other), which preceded the independence and partitioning of India and Pakistan. The knifed man, called Kader Mia, was a Muslim daily laborer who had come for work in a neighboring house—for a tiny reward—and had been knifed on the street by some communal thugs in our largely Hindu area. As I gave him water while also crying for help from adults in the house, and moments later, as he was rushed to the hospital by my father, Kader Mia went on telling us that his wife had told him not to go into a hostile area in such troubled times. But Kader Mia had to go out in search of work and a bit of earning because his family had nothing to eat. The penalty of his economic unfreedom turned out to be death, which occurred later on in the hospital.

The experience was devastating for me. It made me reflect, later on, on the terrible burden of narrowly defined identities, including those firmly based on communities and groups (I shall have occasion to discuss that issue in this book). But more immediately, it also pointed to the remarkable fact that economic unfreedom, in the form of extreme poverty, can make a person a helpless prey in the violation of other kinds of freedom. Kader Mia need not have come to a hostile area in search of a little income in those terrible times had his family been able to survive without it. Economic unfreedom can breed social unfreedom, just as social or political unfreedom can also foster economic unfreedom.

ORGANIZATIONS AND VALUES

Many other examples can be given to illustrate the pivotal difference that is made by pursuing a view of development as an integrated process of expansion of substantive freedoms that connect with one another. It is this view that is presented, scrutinized and utilized in this book to investigate the development process in inclusive terms that interrate economic, social and political considerations.

A broad approach of this kind permits simultaneous appreciation of the vital roles, in the process of development, of many different institutions, including markets and market-related organizations, governments and local authorities, political parties and other civic institutions, educational arrangements and opportunities of open dialogue and debate (including the role of the media and other means of communication).

Such an approach also allows us to acknowledge the role of social values and prevailing mores, which can influence the freedoms that people enjoy and have reason to treasure. Shared norms can influence social features such as gender equity, the nature of child care, family size and fertility patterns, the treatment of the environment and many other arrangements and outcomes. Prevailing values and social mores also affect the presence or absence of corruption, and the role of trust in economic or social or political relationships. The exercise of freedom is mediated by values, but the values in turn are influenced by public discussions and social interactions, which are themselves influenced by participatory freedoms. Each of these concerns deserves careful scrutiny.

The fact that the freedom of economic transactions tends to be typically a great engine of economic growth has been widely acknowledged, even though forceful detractors remain. It is important not only to give the markers their due, but also to appreciate the role of other economic, social, and political freedoms in enhancing and enriching the lives that people are able to lead. This has a clear bearing even on such controversial matters as the so-called population problem. The role of freedom in moderating excessively high fertility rates is a subject on which contrary views have been held for a long time. While that great eighteenth-century French rationalist Condorcet expected that fertility rates would come down with "the progress of reason," so that greater security, more education and more freedom of reflected decisions would restrain population growth, his contemporary Thomas Robert Malthus differed radically with this position. Indeed, Malthus argued that "there is no reason whatever to suppose that anything beside the difficulty of procuring in adequate plenty the necessaries of life should either indispose this greater number of persons to marry early, or disable them from rearing in health the largest families." The comparative merits of the two different positions—relying respectively on reasoned freedom and

economic compulsion—will be investigated later on in this study (the balance of evidence, I shall argue, is certainly more on Condorcet's side). But it is especially important to recognize that this particular controversy is just one example of the debate between profreedom and antifreedom approaches to development that has gone on for many centuries. That debate is still very active in many different forms.

INSTITUTIONS AND INSTRUMENTAL FREEDOMS

Five distinct types of freedom, seen in an "instrumental" perspective, are particularly investigated in the empirical studies that follow. These include (1) *political freedoms*, (2) *economic facilities*, (3) *social opportunities*, (4) *transparency guarantees* and (5) *protective security*. Each of these distinct types of rights and opportunities helps to advance the general capability of a person. They may also serve to complement each other. Public policy to foster human capabilities and substantive freedoms in general can work through the promotion of these distinct but interrelated instrumental freedoms. In the chapters that follow, each of these different types of freedom—and the institutions involved—will be explored, and their interconnections discussed. There will be an opportunity also to investigate their respective roles in the promotion of overall freedoms of people to lead the kind of lives they have reason to value. In the view of "development as freedom," the instrumental freedoms link with each other and with the ends of enhancement of human freedom in general.

While development analysis must, on the one hand, be concerned with objectives and aims that make these instrumental freedoms consequentially important, it must also take note of the empirical linkages that tie the distinct types of freedom *together*, strengthening their joint importance. Indeed, these connections are central to a fuller understanding of the instrumental role of freedom.

A CONCLUDING REMARK

Freedoms are not only the primary ends of development, they are also among its principal means. In addition to acknowledging, foundationally, the evaluative importance of freedom, we also have to

understand the remarkable empirical connection that links freedoms of different kinds with one another. Political freedoms (in the form of free speech and elections) help to promote economic security. Social opportunities (in the form of education and health facilities) facilitate economic participation. Economic facilities (in the form of opportunities for participation in trade and production) can help to generate personal abundance as well as public resources for social facilities. Freedoms of different kinds can strengthen one another.

These empirical connections reinforce the valuational priorities. In terms of the medieval distinction between "the patient" and "the agent," this freedom-centered understanding of economics and of the process of development is very much an agent-oriented view. With adequate social opportunities, individuals can effectively shape their own destiny and help each other. They need not be seen primarily as passive recipients of the benefits of cunning development programs. There is indeed a strong rationale for recognizing the positive role of free and sustainable agency—and even of constructive impatience.

THE PERSPECTIVE OF FREEDOM



It is not unusual for couples to discuss the possibility of earning more money, but a conversation on this subject from around the eighth century B.C. is of some special interest. As that conversation is recounted in the Sanskrit text *Bṛhadaranyaka Upanishad*, a woman named Maitreyee and her husband, Yajnavalkya, proceed rapidly to a bigger issue than the ways and means of becoming more wealthy: *How far would wealth go to help them get what they want?* Maitreyee wonders whether it could be the case that if “the whole earth, full of wealth” were to belong just to her, she could achieve immortality through it. “No,” responds Yajnavalkya, “like the life of rich people will be your life. But there is no hope of immortality by wealth.” Maitreyee remarks, “What should I do with that by which I do not become immortal?”

Maitreyee’s rhetorical question has been cited again and again in Indian religious philosophy to illustrate both the nature of the human predicament and the limitations of the material world. I have too much skepticism of otherworldly matters to be led there by Maitreyee’s worldly frustration, but there is another aspect of this exchange that is of rather immediate interest to economics and to understanding the nature of development. This concerns the relation between incomes and achievements, between commodities and capabilities, between our economic wealth and our ability to live as we would like. While there is a connection between opulence and achievements, the linkage may or may not be very strong and may well be extremely contingent on other circumstances. The issue is not the ability to live forever on which Maitreyee—bless her soul—

happened to concentrate, but the capability to live really long (without being cut off in one's prime) and to have a good life while alive (rather than a life of misery and unfreedom)—things that would be strongly valued and desired by nearly all of us. The gap between the two perspectives (that is, between an exclusive concentration on economic wealth and a broader focus on the lives we can lead) is a major issue in conceptualizing development. As Aristotle noted at the very beginning of the *Nicomachean Ethics* (resonating well with the conversation between Maitreyee and Yajnavalkya three thousand miles away), "wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something else."²

If we have reasons to want more wealth, we have to ask: What precisely are these reasons, how do they work, on what are they contingent and what are the things we can "do" with more wealth? In fact, we generally have excellent reasons for wanting more income or wealth. This is not because income and wealth are desirable for their own sake, but because, typically, they are admirable general-purpose means for having more freedom to lead the kind of lives we have reason to value.

The usefulness of wealth lies in the things that it allows us to do—the substantive freedoms it helps us to achieve. But this relation is neither exclusive (since there are significant influences on our lives other than wealth) nor uniform (since the impact of wealth on our lives varies with other influences). It is as important to recognize the crucial role of wealth in determining living conditions and the quality of life as it is to understand the qualified and contingent nature of this relationship. An adequate conception of development must go much beyond the accumulation of wealth and the growth of gross national product and other income-related variables. Without ignoring the importance of economic growth, we must look well beyond it.

The ends and means of development require examination and scrutiny for a fuller understanding of the development process; it is simply not adequate to take as our basic objective just the maximization of income or wealth, which is, as Aristotle noted, "merely useful and for the sake of something else." For the same reason, economic growth cannot sensibly be treated as an end in itself. Development has to be more concerned with enhancing the lives we lead and the freedoms we enjoy. Expanding the freedoms that we have reason to

value not only makes our lives richer and more unfettered, but also allows us to be fuller social persons, exercising our own volitions and interacting with—and influencing—the world in which we live. In chapter 3 this general approach is more fully proposed and scrutinized, and is evaluatively compared with other approaches that compete for attention.³

FORMS OF UNFREEDOM

Very many people across the world suffer from varieties of unfreedom. Famines continue to occur in particular regions, denying to millions the basic freedom to survive. Even in those countries which are no longer sporadically devastated by famines, undernutrition may affect very large numbers of vulnerable human beings. Also, a great many people have little access to health care, to sanitary arrangements or to clean water, and spend their lives fighting unnecessary morbidity, often succumbing to premature mortality. The richer countries too often have deeply disadvantaged people, who lack basic opportunities of health care, or functional education, or gainful employment, or economic and social security. Even within very rich countries, sometimes the longevity of substantial groups is no higher than that in much poorer economies of the so-called third world. Further, inequality between women and men afflicts—and sometime prematurely ends—the lives of millions of women, and, in different ways, severely restricts the substantive freedoms that women enjoy.

Moving to other deprivations of freedom, a great many people in different countries of the world are systematically denied political liberty and basic civil rights. It is sometimes claimed that the denial of these rights helps to stimulate economic growth and is "good" for rapid economic development. Some have even championed harsher political systems—with denial of basic civil and political rights—for their alleged advantage in promoting economic development. This thesis (often called "the Lee thesis," attributed in some form to the former prime minister of Singapore, Lee Kuan Yew) is sometimes backed by some fairly rudimentary empirical evidence. In fact, more comprehensive intercountry comparisons have not provided any confirmation of this thesis, and there is little evidence that authoritarian politics actually helps economic growth. Indeed, the empirical

evidence very strongly suggests that economic growth is more a matter of a friendlier economic climate than of a harsher political system. This issue will receive examination in chapter 6.

Furthermore, economic development has other dimensions, including economic security. Quite often economic insecurity can relate to the lack of democratic rights and liberties. Indeed, the working of democracy and of political rights can even help to prevent famines and other economic disasters. Authoritarian rulers, who are themselves rarely affected by famines (or other such economic calamities), tend to lack the incentive to take timely preventive measures. Democratic governments, in contrast, have to win elections and face public criticism, and have strong incentives to undertake measures to avert famines and other such catastrophes. It is not surprising that no famine has ever taken place in the history of the world in a functioning democracy—be it economically rich (as in contemporary Western Europe or North America) or relatively poor (as in postindependence India, or Botswana, or Zimbabwe). Famines have tended to occur in colonial territories governed by rulers from elsewhere (as in British India or in an Ireland administered by alienated English rulers), or in one-party states (as in the Ukraine in the 1930s, or China during 1958-1961, or Cambodia in the 1970s), or in military dictatorships (as in Ethiopia, or Somalia, or some of the Sahel countries in the near past). Indeed, as this book goes to press, the two countries that seem to be leading the "famine league" in the world are North Korea and Sudan—both eminent examples of dictatorial rule. While the prevention of famine illustrates the incentive advantages with great clarity and force, the advantages of democratic pluralism do, in fact, have a much wider reach.

But—most fundamentally—political liberty and civil freedoms are directly important on their own, and do not have to be justified indirectly in terms of their effects on the economy. Even when people without political liberty or civil rights do not lack adequate economic security (and happen to enjoy favorable economic circumstances), they are deprived of important freedoms in leading their lives and denied the opportunity to take part in crucial decisions regarding public affairs. These deprivations restrict social and political lives, and must be seen as repressive even without their leading to other afflictions (such as economic disasters). Since political and civil free-

doms are constitutive elements of human freedom, their denial is a handicap in itself. In examining the role of human rights in development, we have to take note of the constitutive as well as the instrumental importance of civil rights and political freedoms. These issues are examined in chapter 6.

PROCESSES AND OPPORTUNITIES

It should be clear from the preceding discussion that the view of freedom that is being taken here involves both the *processes* that allow freedom of actions and decisions, and the actual *opportunities* that people have, given their personal and social circumstances. Unfreedom can arise either through inadequate processes (such as the violation of voting privileges or other political or civil rights) or through inadequate opportunities that some people have for achieving what they minimally would like to achieve (including the absence of such elementary opportunities as the capability to escape premature mortality or preventable morbidity or involuntary starvation).

The distinction between the *process aspect* and the *opportunity aspect* of freedom involves quite a substantial contrast. It can be pursued at different levels. I have discussed elsewhere the respective roles and requirements of (as well as mutual connections between) the process aspect and the opportunity aspect of freedom.⁴ While this may not be the occasion to go into the complex and subtle issues that relate to this distinction, it is very important to see freedom in a sufficiently broad way. It is necessary to avoid confining attention only to appropriate procedures (as so-called libertarians sometimes do, without worrying at all about whether some disadvantaged people suffer from systematic deprivation of substantive opportunities), or, alternatively, only to adequate opportunities (as so-called consequentialists sometimes do, without worrying about the nature of the processes that bring the opportunities about or the freedom of choice that people have). Both processes and opportunities have importance of their own, and each aspect relates to seeing development as freedom.

TWO ROLES OF FREEDOM

The analysis of development presented in this book treats the freedoms of individuals as the basic building blocks. Attention is thus paid particularly to the expansion of the "capabilities" of persons to lead the kind of lives they value—and have reason to value. These capabilities can be enhanced by public policy, but also, on the other side, the direction of public policy can be influenced by the effective use of participatory capabilities by the public. The *two-way relationship* is central to the analysis presented here.

There are two distinct reasons for the crucial importance of individual freedom in the concept of development, related respectively to *evaluation* and *effectiveness*.⁵ First, in the normative approach used here, substantive individual freedoms are taken to be critical. The success of a society is to be evaluated, in this view, primarily by the substantive freedoms that the members of that society enjoy. This evaluative position differs from the informational focus of more traditional normative approaches, which focus on other variables, such as utility, or procedural liberty, or real income.

Having greater freedom to do the things one has reason to value is (1) significant in itself for the person's overall freedom, and (2) important in fostering the person's opportunity to have valuable outcomes.⁶ Both are relevant to the evaluation of freedom of the members of the society and thus crucial to the assessment of the society's development. The reasons for this normative focus (and in particular for seeing justice in terms of individual freedoms and its social correlates) is more fully examined in chapter 3.

The second reason for taking substantive freedom to be so crucial is that freedom is not only the basis of the evaluation of success and failure, but it is also a principal determinant of individual initiative and social effectiveness. Greater freedom enhances the ability of people to help themselves and also to influence the world, and these matters are central to the process of development. The concern here relates to what we may call (at the risk of some oversimplification) the "agency aspect" of the individual.

The use of the term "agency" calls for a little clarification. The expression "agent" is sometimes employed in the literature of economics and game theory to denote a person who is acting on some-

one else's behalf (perhaps being led on by a "principal"), and whose achievements are to be assessed in the light of someone else's (the principal's) goals. I am using the term "agent" not in this sense, but in its older—and "grander"—sense as someone who acts and brings about change, and whose achievements can be judged in terms of her own values and objectives, whether or not we assess them in terms of some external criteria as well. This work is particularly concerned with the agency role of the individual as a member of the public and as a participant in economic, social and political actions (varying from taking part in the market to being involved, directly or indirectly, in individual or joint activities in political and other spheres).

This has a bearing on a great many public policy issues, varying from such strategic matters as the widespread temptation of policy bosses to use fine-tuned "targeting" (for "ideal delivery" to a supposedly inert population), to such fundamental subjects as attempts to dissociate the running of governments from the process of democratic scrutiny and rejection (and the participatory exercise of political and civil rights).⁷

EVALUATIVE SYSTEMS: INCOMES AND CAPABILITIES

On the evaluative side, the approach used here concentrates on a factual base that differentiates it from more traditional practical ethics and economic policy analysis, such as the "economic" concentration on the primacy of *income and wealth* (rather than on the characteristics of human lives and substantive freedoms), the "utilitarian" focus on *mental satisfaction* (rather than on creative discontent and constructive dissatisfaction), the "libertarian" preoccupation with *procedures* for liberty (with deliberate neglect of consequences that derive from those procedures) and so on. The overarching case for a different factual base, which focuses on substantive freedoms that people have reason to enjoy, is examined in chapter 3.

This is not to deny that deprivation of individual capabilities can have close links with the lowness of income, which connects in both directions: (1) low income can be a major reason for illiteracy and ill health as well as hunger and undernourishment, and (2) conversely, better education and health help in the earning of higher incomes. These connections have to be fully seized. But there are also other influences on the basic capabilities and effective freedoms that

individuals enjoy, and there are good reasons to study the nature and reach of these interconnections. Indeed, precisely because income deprivations and capability deprivations often have considerable correlational linkages, it is important to avoid being mesmerized into thinking that taking note of the former would somehow tell us enough about the latter. The connections are not that tight, and the departures are often much more important from a policy point of view than the limited concurrence of the two sets of variables. If our attention is shifted from an exclusive concentration on income poverty to the more inclusive idea of capability deprivation, we can better understand the poverty of human lives and freedoms in terms of a different informational base (involving statistics of a kind that the income perspective tends to crowd out as a reference point for policy analysis). The role of income and wealth—important as it is along with other influences—has to be integrated into a broader and fuller picture of success and deprivation.

POVERTY AND INEQUALITY

The implications of this informational base for the analysis of poverty and inequality are examined in chapter 4. There are good reasons for seeing poverty as a deprivation of basic capabilities, rather than merely as low income. Deprivation of elementary capabilities can be reflected in premature mortality, significant undernourishment (especially of children), persistent morbidity, widespread illiteracy and other failures. For example, the terrible phenomenon of "missing women" (resulting from unusually higher age-specific mortality rates of women in some societies, particularly in South Asia, West Asia, North Africa, and China) has to be analyzed with demographic, medical and social information, rather than in terms of low incomes, which sometimes tell us rather little about the phenomenon of gender inequality.⁸

The shift in perspective is important in giving us a different—and more directly relevant—view of poverty not only in the *developing* countries, but also in the more *affluent* societies. The presence of the massive unemployment in Europe (10 to 12 percent in many of the major European countries) entails deprivations that are not well reflected in income distribution statistics. These deprivations are

often downplayed on the grounds that the European system of social security (including unemployment insurance) tends to make up for the loss of income of the unemployed. But unemployment is not merely a deficiency of income that can be made up through transfers by the state (at heavy fiscal cost that can itself be a very serious burden); it is also a source of far-reaching debilitating effects on individual freedom, initiative, and skills. Among its manifold effects, unemployment contributes to the "social exclusion" of some groups, and it leads to losses of self-reliance, self-confidence and psychological and physical health. Indeed, it is hard to escape a sense of manifest incongruity in contemporary European attempts to move to a more "self-help" social climate without devising adequate policies for reducing the massive and intolerable levels of unemployment that make such self-help extremely difficult.

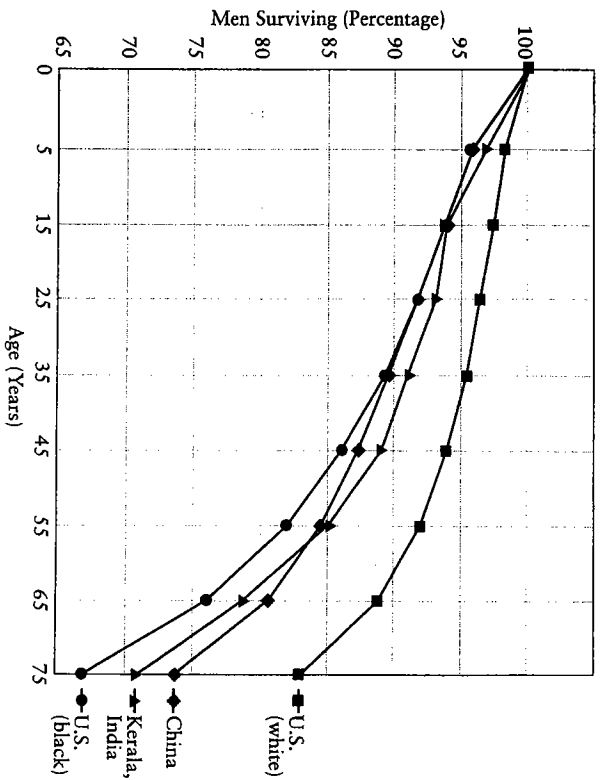
INCOME AND MORTALITY

Even in terms of the connection between mortality and income (a subject in which Maitreyee was rather overambitious), it is remarkable that the extent of deprivation for particular groups in very rich countries can be comparable to that in the so-called third world. For example, in the United States, African Americans as a group have no higher—indeed have a lower—chance of reaching advanced ages than do people born in the immensely poorer economies of China or the Indian state of Kerala (or in Sri Lanka, Jamaica or Costa Rica).⁹

This is shown in figures 1.1 and 1.2. Even though the per capita income of African Americans in the United States is considerably lower than that of the white population, African Americans are very many times richer in income terms than the people of China or Kerala (even after correcting for cost-of-living differences). In this context, the comparison of survival prospects of African Americans vis-à-vis those of the very much poorer Chinese, or Indians in Kerala, is of particular interest. African Americans tend to do better in terms of survival at low age groups (especially in terms of infant mortality) vis-à-vis the Chinese or the Indians, but the picture changes over the years.

In fact, it turns out that men in China and in Kerala decisively outlive African American men in terms of surviving to older age

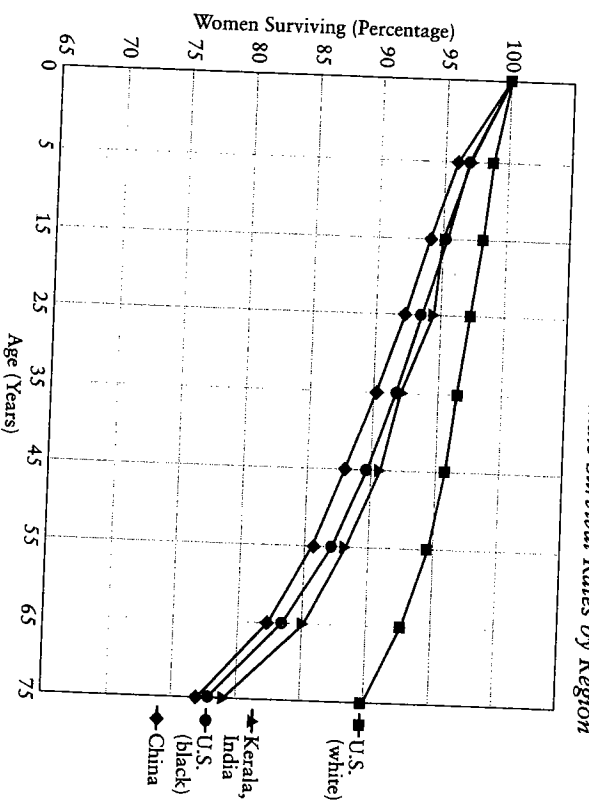
FIGURE 1.1: Variations in Male Survival Rates by Region



Sources: United States, 1991-1993: U.S. Department of Health and Human Services, *Health United States 1995* (Hyattsville, Md.: National Center for Health Statistics, 1996); Kerala, 1991: Government of India, *Sample Registration System: Fertility and Mortality Indicators 1991* (New Delhi: Office of the Registrar General, 1991); China, 1992: World Health Organization, *World Health Statistics Annual 1994* (Geneva: World Health Organization, 1994).

groups. Even African American women end up having a survival pattern for the higher ages similar to that of the much poorer Chinese, and decidedly lower survival rates than the even poorer Indians in Kerala. So it is not only the case that American blacks suffer from *relative* deprivation in terms of income per head vis-à-vis American whites, they also are *absolutely* more deprived than the low-income Indians in Kerala (for both women and men), and the Chinese (in the case of men), in terms of living to ripe old ages. The causal influences on these contrasts (that is, between living standards judged by income per head and those judged by the ability to survive to higher ages) include social arrangements and community relations such as

FIGURE 1.2: Variations in Female Survival Rates by Region



Sources: United States, 1991-1993: U.S. Department of Health and Human Services, *Health United States 1995* (Hyattsville, Md.: National Center for Health Statistics, 1996); Kerala, 1991: Government of India, *Sample Registration System: Fertility and Mortality Indicators 1991* (New Delhi: Office of the Registrar General, 1991); China, 1992: World Health Organization, *World Health Statistics Annual 1994* (Geneva: World Health Organization, 1994).

medical coverage, public health care, school education, law and order, prevalence of violence and so on.¹⁰

It is also worth noting that African Americans in the United States as a whole include a great many internal diversities. Indeed, if we look at the black male populations in particular U.S. cities (such as New York City, San Francisco, St. Louis or Washington, D.C.), we find that they are overtaken in terms of survival by people from China or Kerala at much earlier ages.¹¹ They are also overtaken by many other third world populations; for example, Bangladeshi men have a better chance of living to ages beyond forty years than African American men from the Harlem district of the prosperous city of New York.¹² All this is in spite of the fact that African Americans

in the United States are very many times richer than the people of comparison groups in the third world.

FREEDOM, CAPABILITY AND THE QUALITY OF LIFE

In the foregoing discussion, I have been concentrating on a very elementary freedom: the ability to survive rather than succumb to premature mortality. This is, obviously, a significant freedom, but there are many others that are also important. Indeed, the range of relevant freedoms can be very wide. The extensive coverage of freedoms is sometimes seen as a problem in getting an "operational" approach to development that is freedom-centered. I think this pessimism is ill-founded, but I shall postpone taking up this issue until chapter 3, when the foundational approaches to valuation will be considered together.

It should, however, be noted here that the freedom-centered perspective has a generic similarity to the common concern with "quality of life," which too concentrates on the way human life goes (perhaps even the choices one has) and not just on the resources or income that a person commands.¹³ The focusing on the quality of life and on substantive freedoms, rather than just on income or wealth, may look like something of a departure from the established traditions of economics, and in a sense it is (especially if comparisons are made with some of the more austere income-centered analysis that can be found in contemporary economics). But in fact these broader approaches are in tune with lines of analysis that have been part of professional economics right from the beginning. The Aristotelian connections are obvious enough (Aristotle's focus on "flourishing" and "capacity" clearly relates to the quality of life and to substantive freedoms, as has been discussed by Martha Nussbaum).¹⁴ There are strong connections also with Adam Smith's analysis of "necessities" and conditions of living.¹⁵

Indeed, the origin of economics was significantly motivated by the need to study the assessment of, and causal influences on, the opportunities that people have for good living. Aside from Aristotle's classic use of this idea, similar notions were much used in the early writings on national accounts and economic prosperity, pioneered by William Petty in the seventeenth century, and followed by Gregory

King, Francois Quesnay, Antoine-Laurent Lavoisier, Joseph-Louis Lagrange and others. While the national accounts devised by these leaders of economic analysis established the foundations of the modern concept of income, their attention was never confined to this one concept. They also saw the importance of income to be instrumental and circumstantially contingent.¹⁶

For example, while William Petty had pioneered both "the income method" and "the expenditure method" of estimating national income (the modern methods of estimation directly follow from these early attempts), he was explicitly concerned with "the Common Safety" and "each Man's particular Happiness." Petty's stated objective for undertaking his study related directly to the assessment of people's living conditions. He managed to combine scientific investigation with a significant dose of seventeenth-century politics ("to show" that "the King's subjects are not in so bad a condition as discontented Men would make them"). The impact of commodity consumption on the various功能ings of people also received attention from others. For example, Joseph-Louis Lagrange, the great mathematician, was particularly innovative in converting commodities into their function-related characteristics: amounts of wheat and other grains into their nourishment equivalent, amounts of all meat into equivalent units of beef (in terms of their nutritional qualities) and amounts of all beverages into units of wine (remember, Lagrange was French).¹⁷ In concentrating attention on resulting功能ings rather than commodities only, we reclaim some of the old heritage of professional economics.

MARKETS AND FREEDOMS

The role of the market mechanism is another subject that calls for some reclaiming of old heritage. The relation of the market mechanism to freedom and thus to economic development raises questions of at least two quite distinct types, which need to be clearly distinguished. First, a denial of opportunities of transaction, through arbitrary controls, can be a source of unfreedom in itself. People are then prevented from doing what can be taken to be—in the absence of compelling reasons to the contrary—something that is within their right to do. This point does not depend on the efficiency of the

market mechanism or on any extensive analysis of the consequences of having or not having a market system; it turns simply on the importance of freedom of exchange and transaction without let or hindrance.

This argument for the market has to be distinguished from a second argument, which is very popular right now: that markets typically work to expand income and wealth and economic opportunities that people have. Arbitrary restrictions of the market mechanism can lead to a reduction of freedoms because of the consequential effects of the absence of markets. Deprivations can result when people are denied the economic opportunities and favorable consequences that markets offer and support.

These two arguments in favor of the market mechanism, both relevant to the perspective of substantive freedoms, have to be separated out. In the contemporary economic literature, it is the latter argument—based on the effective working and favorable results of the market mechanism—that receives virtually all the attention.¹⁸ That argument is certainly strong, in general, and there is plenty of empirical evidence that the market system can be an engine of fast economic growth and expansion of living standards. Policies that restrict market opportunities can have the effect of restraining the expansion of substantive freedoms that would have been generated through the market system, mainly through overall economic prosperity. This is not to deny that markets can sometimes be counterproductive (as Adam Smith himself pointed out, in supporting in particular the need for control in the financial market).¹⁹ There are serious arguments for regulation in some cases. But by and large the positive effects of the market system are now much more widely recognized than they were even a few decades ago.

However, this case for the use of markets is altogether different from the argument that people have the right to undertake transactions and exchange. Even if such rights are not accepted as being inviolable—and entirely independent of their consequences—it can still be argued that there is some social loss involved in denying people the right to interact economically with each other. If it so happens that the effects of such transactions are so bad for others that this *prima facie* presumption in favor of allowing people to transact as they like may be sensibly restricted, there is still something

directly lost in imposing this restriction (even if it is outweighed by the alternative loss of the indirect effects of these transactions on others).

The discipline of economics has tended to move away from focusing on the value of freedoms to that of utilities, incomes and wealth. This narrowing of focus leads to an underappreciation of the full role of the market mechanism, even though economics as a profession can hardly be accused of not praising the markets enough. The issue, however, is not the amount of praise, but the reasons for it.

Take for example the well-known argument in economics that a competitive market mechanism can achieve a type of efficiency that a centralized system cannot plausibly achieve both because of the economy of information (each person acting in the market does not have to know very much) and the compatibility of incentives (each person's canny actions can merge nicely with those of others). Consider now, contrary to what is generally assumed, a case in which the same economic result is brought about by a fully centralized system with all the decisions of everyone regarding production and allocation being made by a dictator. Would that have been just as good an achievement?

It is not hard to argue that something would be missing in such a scenario, to wit, the freedom of people to act as they like in deciding on where to work, what to produce, what to consume and so on. Even if in both the scenarios (involving, respectively, free choice and compliance to dictatorial order) a person produces the same commodities in the same way and ends up with the same income and buys the same goods, she may still have very good reason to prefer the scenario of free choice over that of submission to order. There is a distinction between "culmination outcomes" (that is, only final outcomes without taking any note of the process of getting there, including the exercise of freedom) and "comprehensive outcomes" (taking note of the processes through which the culmination outcomes come about)—a distinction the central relevance of which I have tried to analyze more fully elsewhere.²⁰ The merit of the market system does not lie only in its capacity to generate more efficient culmination outcomes.

The shift in the focus of attention of pro-market economics from freedom to utility has been achieved at some cost: the neglect of the

central value of freedom itself. John Hicks, one of the leading economists of this century, who himself was far more utility-oriented than freedom-oriented, did put the issue with admirable clarity in a passage on this subject:

The liberal, or non-interference, principles of the classical (Smithian or Ricardian) economists were not, in the first place, economic principles; they were an application to economics of principles that were thought to apply to a much wider field. The contention that economic freedom made for economic efficiency was no more than a secondary support. . . . What I do question is whether we are justified in forgetting, as completely as most of us have done, the other side of the argument.²¹

This point may look somewhat esoteric in the context of economic development in view of the priority that the development literature tends to give to generating high incomes, a bigger basket of consumer goods and other culmination results. But it is far from esoteric. One of the biggest changes in the process of development in many economies involves the replacement of bonded labor and forced work, which characterize parts of many traditional agricultural systems, with a system of free labor contract and unrestrained physical movement. A freedom-based perspective on development picks up this issue immediately in a way that an evaluative system that focuses only on culmination outcomes may not.

The point can be illustrated with the debates surrounding the nature of slave labor in the southern United States before its abolition. The classic study on this subject by Robert Fogel and Stanley Engelman (*Time on the Cross: The Economics of American Negro Slavery*) includes a remarkable finding about the relatively high "pecuniary incomes" of the slaves. (Controversies on some issues covered in this book did not seriously undermine this finding.) The commodity baskets of consumption of slaves compared favorably—certainly not unfavorably—with the incomes of free agricultural laborers. And the slaves' life expectancy too was, relatively speaking, not especially low—"nearly identical with the life expectation of countries as advanced as France and Holland," and "much longer

[than] life expectations [of] free urban industrial workers in both the United States and Europe."²² And yet slaves did run away, and there were excellent reasons for presuming that the interest of the slaves was not well served by the system of slavery. In fact, even the attempts, after the abolition of slavery, to get the slaves back, to make them work like slaves (particularly in the form of "gang work"), but at high wages, were not successful.

After the slaves were freed many planters attempted to reconstruct their work gangs on the basis of wage payments. But such attempts generally foundered, despite the fact that the wages offered to freedmen exceeded the incomes they had received as slaves by more than 100 percent. Even at this premium planters found it impossible to maintain the gang system once they were deprived of the right to apply force.²³

The importance of freedom of employment and that in working practice is crucial to understanding the valuations involved.²⁴

In fact, Karl Marx's favorable remarks on capitalism as against the unfreedom of precapitalist labor arrangements related exactly to this question, which also produced Marx's characterization of the American Civil War as "the one great event of contemporary history."²⁵ Indeed, this issue of market-based freedom is quite central to the analysis of bonded labor—common in many developing countries—and the transition to free-contract labor arrangements. This, in fact, is one of the cases in which Marxian analysis has tended to have an affinity with libertarian concentration on freedom as opposed to utility.

For example, in his major study of transition from bonded labor to wage labor in India, V. K. Ramachandran provides an illuminating picture of the empirical importance of this question in the contemporary agrarian situation in southern India:

Marx distinguishes between (to use the term used by Jon Elster) the *formal freedom* of the worker under capitalism and the *real unfreedom* of workers in pre-capitalist systems: "the freedom of workers to change employers makes him free in a way not found in earlier modes of production." The study of

the development of wage labour in agriculture is important from another perspective as well. The extension of the freedom of workers in a society to sell their labour power is an enhancement of their positive freedom, which is, in turn, an important measure of how well that society is doing.²⁶

The linked presence of labor bondage with indebtedness yields a particularly tenacious form of unfreedom in many precapitalist agricultures.²⁷ Seeing development as freedom permits a direct approach to this issue that is not parasitic on having to show that labor markets also raise productivity of agriculture—a serious issue on its own but quite different from the question of freedom of contract and employment.

Some of the debates surrounding the terrible issue of child labor also relate to this question of freedom of choice. The worst violations of the norm against child labor come typically from the virtual slavery of children in disadvantaged families and from their being forced into exploitative employment (as opposed to being free and possibly going to school).²⁸ This direct issue of freedom is an integral part of this vexed question.

VALUES AND THE PROCESS OF VALUATION

I return now to *evaluation*. Since our freedoms are diverse, there is room for explicit valuation in determining the relative weights of different types of freedoms in assessing individual advantages and social progress. Valuations are, of course, involved in all such approaches (including utilitarianism, libertarianism, and other approaches, to be discussed in chapter 3), even though they are often made implicitly. Those who prefer a mechanical index, without the need to be explicit about what values are being used and why, have a tendency to grumble that the freedom-based approach requires that valuations be explicitly made. Such complaints have frequently been aired. But explicitness, I shall argue, is an important asset for a valuational exercise, especially for it to be open to public scrutiny and criticism. Indeed, one of the strongest arguments in favor of political freedom lies precisely in the opportunity it gives citizens to discuss and debate—and to participate in the selection of—values in the choice of priorities (to be discussed in chapters 6 through 11).

Individual freedom is quintessentially a social product, and there is a two-way relation between (1) social arrangements to expand individual freedoms and (2) the use of individual freedoms not only to improve the respective lives but also to make the social arrangements more appropriate and effective. Also, individual conceptions of justice and propriety, which influence the specific uses that individuals make of their freedoms, depend on social associations—particularly on the interactive formation of public perceptions and on collaborative comprehension of problems and remedies. The analysis and assessment of public policies have to be sensitive to these diverse connections.

TRADITION, CULTURE AND DEMOCRACY

The issue of participation is also central to some of the foundational questions that have plagued the force and reach of development theory. For example, it has been argued by some that economic development as we know it may actually be harmful for a nation, since it may lead to the elimination of its traditions and cultural heritage.²⁹ Objections of this kind are often quickly dismissed on the ground that it is better to be rich and happy than to be impoverished and traditional. This may be a persuasive slogan, but it is scarcely an adequate response to the critique under discussion. Nor does it reflect a serious engagement with the critical valuational issue that is being raised by development skeptics.

The more serious issue, rather, concerns the source of authority and legitimacy. There is an inescapable valuational problem involved in deciding what to choose if and when it turns out that some parts of tradition cannot be maintained along with economic or social changes that may be needed for other reasons. It is a choice that the people involved have to face and assess. The choice is neither closed (as many development apologists seem to suggest), nor is it one for the elite "guardians" of tradition to settle (as many development skeptics seem to presume). If a traditional way of life has to be sacrificed to escape grinding poverty or minuscule longevity (as many traditional societies have had for thousands of years), then it is the people directly involved who must have the opportunity to participate in deciding what should be chosen. The real conflict is between

- 1) the basic value that the people must be allowed to decide freely what traditions they wish or not wish to follow; and
- 2) the insistence that established traditions be followed (no matter what), or, alternatively, people must obey the decisions by religious or secular authorities who enforce traditions—real or imagined.

The force of the former precept lies in the basic importance of human freedom, and once that is accepted there are strong implications on what can or cannot be done in the name of tradition. The approach of "development as freedom" emphasizes this precept.

Indeed, in the freedom-oriented perspective the liberty of all to participate in deciding what traditions to observe cannot be ruled out by the national or local "guardians"—neither by the ayatollahs (or other religious authorities), nor by political rulers (or governmental dictators), nor by cultural "experts" (domestic or foreign). The pointer to any real conflict between the preservation of tradition and the advantages of modernity calls for a participatory resolution, not for a unilateral rejection of modernity in favor of tradition by political rulers, or religious authorities, or anthropological admirers of the legacy of the past. The question is not only not closed, it must be wide open for people in the society to address and join in deciding. An attempt to choke off participatory freedom on grounds of traditional values (such as religious fundamentalism, or political custom, or the so-called Asian values) simply misses the issue of legitimacy and the need for the people affected to participate in deciding what they want and what they have reason to accept.

This basic recognition has remarkable reach and powerful implications. A pointer to tradition does not provide ground for any general suppression of media freedom, or of the rights of communication between one citizen and another. Even if the oddly distorted view of how authoritarian Confucius really was is accepted as being historically correct (a critique of that interpretation will be taken up in chapter 10), this still does not give anyone an adequate ground for practicing authoritarianism through censorship or political restriction, since the legitimacy of adhering today to the views enunciated in the sixth century B.C. has to be decided by those who live today. Also, since participation requires knowledge and basic educational skills, denying the opportunity of schooling to any group—

say, female children—is immediately contrary to the basic conditions of participatory freedom. While these rights have often been disputed (one of the severest onslaughts coming recently from the leadership of the Taliban in Afghanistan), that elementary requirement cannot be escaped in a freedom-oriented perspective. The approach of development as freedom has far-reaching implications not only for the ultimate objectives of development, but also for processes and procedures that have to be respected.

CONCLUDING REMARKS

Seeing development in terms of the substantive freedoms of people has far-reaching implications for our understanding of the process of development and also for the ways and means of promoting it. On the evaluative side, this involves the need to assess the requirements of development in terms of removing the unfreedoms from which the members of the society may suffer. The process of development, in this view, is not essentially different from the history of overcoming these unfreedoms. While this history is not by any means unrelated to the process of economic growth and accumulation of physical and human capital, its reach and coverage go much beyond these variables.

In focusing on freedoms in evaluating development, it is not being suggested that there is some unique and precise "criterion" of development in terms of which the different development experiences can always be compared and ranked. Given the heterogeneity of distinct components of freedom as well as the need to take note of different persons' diverse freedoms, there will often be arguments that go in contrary directions. The motivation underlying the approach of "development as freedom" is not so much to order all states—or all alternative scenarios—into one "complete ordering," but to draw attention to important aspects of the process of development, each of which deserves attention. Even after such attention is paid, there will no doubt remain differences in possible overall rankings, but their presence is not embarrassing to the purpose at hand.

What would be damaging would be the neglect—often to be seen in the development literature—of centrally relevant concerns because of a lack of interest in the freedoms of the people involved. An

adequately broad view of development is sought in order to focus the evaluative scrutiny on things that really matter, and in particular to avoid the neglect of crucially important subjects. While it may be nice to think that considering the relevant variables will automatically take different people to exactly the same conclusions on how to rank alternative scenarios, the approach requires no such unanimity. Indeed, debates on such matters, which can lead to important political arguments, can be part of the process of democratic participation that characterizes development. There will be occasion, later on in this book, to examine the substantial issue of participation as a part of the process of development.

CHAPTER 2

THE ENDS AND THE MEANS
OF DEVELOPMENT

Let me start off with a distinction between two general attitudes to the process of development that can be found both in professional economic analysis and in public discussions and debates.¹ One view sees development as a "fierce" process, with much "blood, sweat and tears"—a world in which wisdom demands toughness. In particular, it demands calculated neglect of various concerns that are seen as "soft-headed" (even if the critics are often too polite to call them that). Depending on what the author's favorite poison is, the temptations to be *resisted* can include having social safety nets that protect the very poor, providing social services for the population at large, departing from rugged institutional guidelines in response to identified hardship, and favoring—"much too early"—political and civil rights and the "luxury" of democracy. These things, it is argued in this austere attitudinal mode, could be supported later on, when the development process has borne enough fruit: what is needed here and now is "toughness and discipline." The different theories that share this general outlook diverge from one another in pointing to distinct areas of softness that are particularly to be avoided, varying from financial softness to political relaxation, from plentiful social expenditures to complaisant poverty relief.

This hard-knocks attitude contrasts with an alternative outlook that sees development as essentially a "friendly" process. Depending on the particular version of this attitude, the congeniality of the process is seen as exemplified by such things as mutually

beneficial exchanges (of which Adam Smith spoke eloquently), or by the working of social safety nets, or of political liberties, or of social development—or some combination or other of these supportive activities.

CONSTITUTIVE AND INSTRUMENTAL ROLES OF FREEDOM

The approach of this book is much more compatible with the latter approach than with the former.² It is mainly an attempt to see development as a process of expanding the real freedoms that people enjoy. In this approach, expansion of freedom is viewed as both (1) the *primary end* and (2) the *principal means* of development. They can be called respectively the “constitutive role” and the “instrumental role” of freedom in development. The constitutive role of freedom relates to the importance of substantive freedom in enriching human life. The substantive freedoms include elementary capabilities like being able to avoid such deprivations as starvation, undernourishment, escapable morbidity and premature mortality, as well as the freedoms that are associated with being literate and numerate, enjoying political participation and uncensored speech and so on. In this constitutive perspective, development involves expansion of these and other basic freedoms. Development, in this view, is the process of expanding human freedoms, and the assessment of development has to be informed by this consideration.

Let me refer here to an example that was briefly discussed in the introduction (and which involves an often raised question in the development literature) in order to illustrate how the recognition of the “constitutive” role of freedom can alter developmental analysis. Within the narrower views of development (in terms of, say, GNP growth or industrialization) it is often asked whether the freedom of political participation and dissent is or is not “conducive to development.” In the light of the foundational view of development as freedom, this question would seem to be defectively formulated, since it misses the crucial understanding that political participation and dissent are *constitutive* parts of development itself. Even a very rich person who is prevented from speaking freely, or from participating in public debates and decisions, is *deprived* of something that she has

reason to value. The process of development, when judged by the enhancement of human freedom, has to include the removal of this person's deprivation. Even if she had no immediate interest in exercising the freedom to speak or to participate, it would still be a deprivation of her freedoms if she were to be left with no choice on these matters. Development seen as enhancement of freedom cannot but address such deprivations. The relevance of the deprivation of basic political freedoms or civil rights, for an adequate understanding of development, does not have to be established through their indirect contribution to *other* features of development (such as the growth of GNP or the promotion of industrialization). These freedoms are part and parcel of enriching the process of development.

This fundamental point is distinct from the “instrumental” argument that these freedoms and rights may *also* be very effective in contributing to economic progress. That instrumental connection is important as well (and will be discussed particularly in chapters 5 and 6), but the significance of the instrumental role of political freedom as *means* to development does not in any way reduce the evaluative importance of freedom as an *end* of development.

The *intrinsic* importance of human freedom as the preeminent objective of development has to be distinguished from the *instrumental* effectiveness of freedom of different kinds to promote human freedom. Since the focus of the last chapter was mainly on the intrinsic importance of freedom, I shall now concentrate more on the effectiveness of freedom as *means*—not just as end. The instrumental role of freedom concerns the way different kinds of rights, opportunities, and entitlements contribute to the expansion of human freedom in general, and thus to promoting development. This relates not merely to the obvious connection that expansion of freedom of each kind must contribute to development since development itself can be seen as a process of enlargement of human freedom in general. There is much more in the instrumental connection than this constitutive linkage. The effectiveness of freedom as an instrument lies in the fact that different kinds of freedom interrelate with one another, and freedom of one type may greatly help in advancing freedom of other types. The two roles are thus linked by empirical connections, relating freedom of one kind to freedom of other kinds.

INSTRUMENTAL FREEDOMS

In presenting empirical studies in this work, I shall have the occasion to discuss a number of instrumental freedoms that contribute, directly or indirectly, to the overall freedom people have to live the way they would like to live. The diversities of the instruments involved are quite extensive. However, it may be convenient to identify five distinct types of freedom that may be particularly worth emphasizing in this instrumental perspective. This is by no means an exhaustive list, but it may help to focus on some particular policy issues that demand special attention at this time.

In particular, I shall consider the following types of instrumental freedoms: (1) *political freedoms*, (2) *economic facilities*, (3) *social opportunities*, (4) *transparency guarantees* and (5) *protective security*. These instrumental freedoms tend to contribute to the general capability of a person to live more freely, but they also serve to complement one another. While development analysis must, on the one hand, be concerned with the objectives and aims that make these instrumental freedoms consequentially important, it must also take note of the empirical linkages that tie the distinct types of freedom *together*, strengthening their joint importance. Indeed, these connections are central to a fuller understanding of the instrumental role of freedom. The claim that freedom is not only the primary object of development but also its principal means relates particularly to these linkages.

Let me comment a little on each of these instrumental freedoms. *Political freedoms*, broadly conceived (including what are called civil rights), refer to the opportunities that people have to determine who should govern and on what principles, and also include the possibility to scrutinize and criticize authorities, to have freedom of political expression and an uncensored press, to enjoy the freedom to choose between different political parties, and so on. They include the political entitlements associated with democracies in the broadest sense (encompassing opportunities of political dialogue, dissent and critique as well as voting rights and participatory selection of legislators and executives).

Economic facilities refer to the opportunities that individuals

respectively enjoy to utilize economic resources for the purpose of consumption, or production, or exchange. The economic entitlements that a person has will depend on the resources owned or available for use as well as on conditions of exchange, such as relative prices and the working of the markets. Insofar as the process of economic development increases the income and wealth of a country, they are reflected in corresponding enhancement of economic entitlements of the population. It should be obvious that in the relation between national income and wealth, on the one hand, and the economic entitlements of individuals (or families), on the other, distributional considerations are important, in addition to aggregative ones. How the additional incomes generated are distributed will clearly make a difference.

The availability and access to finance can be a crucial influence on the economic entitlements that economic agents are practically able to secure. This applies all the way from large enterprises (in which hundreds of thousands of people may work) to tiny establishments that are run on micro credit. A credit crunch, for example, can severely affect the economic entitlements that rely on such credit.

Social opportunities refer to the arrangements that society makes for education, health care and so on, which influence the individual's substantive freedom to live better. These facilities are important not only for the conduct of private lives (such as living a healthy life and avoiding preventable morbidity and premature mortality), but also for more effective participation in economic and political activities. For example, illiteracy can be a major barrier to participation in economic activities that require production according to specification or demand strict quality control (as globalized trade increasingly does). Similarly, political participation may be hindered by the inability to read newspapers or to communicate in writing with others involved in political activities.

I turn now to the fourth category. In social interactions, individuals deal with one another on the basis of some presumption of what they are being offered and what they can expect to get. In this sense, the society operates on some basic presumption of trust. *Transparency guarantees* deal with the need for openness that people can expect: the freedom to deal with one another under guarantees of disclosure and lucidity. When that trust is seriously violated, the

lives of many people—both direct parties and third parties—may be adversely affected by the lack of openness. Transparency guarantees (including the right to disclosure) can thus be an important category of instrumental freedom. These guarantees have a clear instrumental role in preventing corruption, financial irresponsibility and underhand dealings.

Finally, no matter how well an economic system operates, some people can be typically on the verge of vulnerability and can actually succumb to great deprivation as a result of material changes that adversely affect their lives. *Protective security* is needed to provide a social safety net for preventing the affected population from being reduced to abject misery, and in some cases even starvation and death. The domain of protective security includes *fixed* institutional arrangements such as unemployment benefits and statutory income supplements to the indigent as well as ad hoc arrangements such as famine relief or emergency public employment to generate income for destitutes.

INTERCONNECTIONS AND COMPLEMENTARITY

These instrumental freedoms directly enhance the capabilities of people, but they also supplement one another, and can furthermore reinforce one another. These interlinkages are particularly important to seize in considering development policies.

The fact that the entitlement to economic transactions tends to be typically a great engine of economic growth has been widely accepted. But many other connections remain underrecognized, and they have to be seized more fully in policy analysis. Economic growth can help not only in raising private incomes but also in making it possible for the state to finance social insurance and active public intervention. Thus the contribution of economic growth has to be judged not merely by the increase in private incomes, but also by the expansion of social services (including, in many cases, social safety nets) that economic growth may make possible.³

Similarly, the creation of social opportunities, through such services as public education, health care, and the development of a free and energetic press, can contribute both to economic development and to significant reductions in mortality rates. Reduction of mor-

tality rates, in turn, can help to reduce birth rates, reinforcing the influence of basic education—especially female literacy and schooling—on fertility behavior.

The pioneering example of enhancing economic growth through social opportunity, especially in basic education, is of course Japan. It is sometimes forgotten that Japan had a higher rate of literacy than Europe had even at the time of the Meiji restoration in the mid-nineteenth century, when industrialization had not yet occurred there but had gone on for many decades in Europe. Japan's economic development was clearly much helped by the human resource development related to the social opportunities that were generated. The so-called East Asian miracle involving other countries in East Asia was, to a great extent, based on similar causal connections.⁴

This approach goes against—and to a great extent undermines—the belief that has been so dominant in many policy circles that “human development” (as the process of expanding education, health care and other conditions of human life is often called) is really a kind of luxury that only richer countries can afford. Perhaps the most important impact of the type of success that the East Asian economies, beginning with Japan, have had is the total undermining of that implicit prejudice. These economies went comparatively early for massive expansion of education, and later also of health care, and this they did, in many cases, *before* they broke the restraints of general poverty. And they have reaped as they have sown. Indeed, as Hiromitsu Ishii has pointed out, the priority to human resource development applies particularly to the early history of Japanese economic development, beginning with the Meiji era (1868–1911), and that focus has not intensified with economic affluence as Japan has grown richer and much more opulent.⁵

DIFFERENT ASPECTS OF CHINA-INDIA CONTRAST

The central role of individual freedoms in the process of development makes it particularly important to examine their determinants. Substantial attention has to be paid to the social influences, including state actions, that help to determine the nature and reach of individual freedoms. Social arrangements may be decisively important in securing and expanding the freedom of the individual. Individual

freedoms are influenced, on one side, by the social safeguarding of liberties, tolerance, and the possibility of exchange and transactions. They are also influenced, on the other side, by substantive public support in the provision of those facilities (such as basic health care or essential education) that are crucial for the formation and use of human capabilities. There is need to pay attention to both types of determinants of individual freedoms.

The contrast between India and China has some illustrative importance in this context. The governments of both China and India have been making efforts for some time now (China from 1979 and India from 1991) to move toward a more open, internationally active, market-oriented economy. While Indian efforts have slowly met with some success, the kind of massive results that China has seen has failed to occur in India. An important factor in this contrast lies in the fact that from the standpoint of social preparedness, China is a great deal ahead of India in being able to make use of the market economy.⁶ While pre-reform China was deeply skeptical of markets, it was not skeptical of basic education and widely shared health care. When China turned to marketization in 1979, it already had a highly literate people, especially the young, with good schooling facilities across the bulk of the country. In this respect, China was not very far from the basic educational situation in South Korea or Taiwan, where too an educated population had played a major role in seizing the economic opportunities offered by a supportive market system. In contrast, India had a half-illiterate adult population when it turned to marketization in 1991, and the situation is not much improved today.

The health conditions in China were also much better than in India because of the social commitment of the pre-reform regime to health care as well as education. Oddly enough, that commitment, while totally unrelated to its helpful role in market-oriented economic growth, created social opportunities that could be brought into dynamic use after the country moved toward marketization. The social backwardness of India, with its elitist concentration on higher education and massive negligence of school education, and its substantial neglect of basic health care, left that country poorly prepared for a widely shared economic expansion. The contrast between India and China does, of course, have many other aspects (including the

differences in their respective political systems, and the much greater variation *within* India of social opportunities such as literacy and health care); these issues will be addressed later. But the relevance of the radically different levels of social preparedness in China and India for widespread market-oriented development is worth noting even at this preliminary stage of the analysis.

If must, however, also be noted that there are real handicaps that China experiences compared with India because it lacks democratic freedoms. This is particularly so when it comes to flexibility of economic policy and the responsiveness of public action to social crisis and unforeseen disasters. The most prominent contrast lies perhaps in the fact that China has had what is almost certainly the largest recorded famine in history (when thirty million people died in the famine that followed the failure of the Great Leap Forward in 1958-1961), whereas India has not had a famine since independence in 1947. When things go well, the protective power of democracy may be less missed, but dangers can lie round the corner (as indeed the recent experiences of some of the East Asian and Southeast Asian economies bring out). This issue too will have to be discussed more fully later on in this book.

There are very many different interconnections between distinct instrumental freedoms. Their respective roles and their specific influences on one another are important aspects of the process of development. In the chapters to follow, there will be opportunities to discuss a number of these interconnections and their extensive reach. However, to illustrate how these interconnections work, let me here go a little into the diverse influences on longevity and life expectancy at birth—capabilities that people value almost universally.

GROWTH-MEDIATED SOCIAL ARRANGEMENTS

The impact of social arrangements on the freedom to survive can be very strong and may be influenced by quite different instrumental connections. The point is sometimes made that this is not a separate consideration from economic growth (in the form of raising the level of per capita income) since there is a close relation between income per head and longevity. Indeed, it has been argued that it is a mistake to worry about the discord between income achievements and

survival chances, since—in general—the statistical connection between them is observed to be quite close. As a point about intercountry statistical connections, seen in isolation, this is indeed correct, but this statistical relation needs further scrutiny before it can be seen as a convincing ground for dismissing the relevance of social arrangements (going beyond income-based opulence).

It is interesting, in this context, to refer to some statistical analyses that have recently been presented by Sudhir Anand and Martin Ravallion.⁷ On the basis of intercountry comparisons, they find that life expectancy does indeed have a significantly positive correlation with GNP per head, but that this relationship works mainly through the impact of GNP on (1) the incomes specifically of the poor and (2) public expenditure particularly in health care. In fact, once these two variables are included on their own in the statistical exercise, little *extra* explanation can be obtained from including GNP per head as an additional causal influence. Indeed, with poverty and public expenditure on health as explanatory variables on their own, the connection between GNP per head and life expectancy appears (in the Anand-Ravallion analysis) to vanish altogether.

It is important to emphasize that this result, if vindicated by other empirical studies as well, would not show that life expectancy is not enhanced by the growth of GNP per head, but it would indicate that the connection tends to work particularly *through* public expenditure on health care, and *through* the success of poverty removal. The basic point is that the impact of economic growth depends much on how the *fruits* of economic growth are used. This also helps to explain why some economies, such as South Korea and Taiwan, have been able to raise life expectancy so rapidly through economic growth.

The achievements of the East Asian economies have come under critical scrutiny—and some fire—in recent years, partly because of the nature and severity of what is called “the Asian economic crisis.” That crisis is indeed serious, and points to particular failures of economies that were earlier seen—mistakenly—as being comprehensively successful. I shall have the opportunity of considering the special problems and specific failures involved in the Asian economic crisis (particularly in chapters 6 and 7). But it would be an error not to see the great achievements of the East Asian and Southeast Asian economies over several decades, which have transformed the lives

and longevities of people in the countries involved. The problems that these countries now face (and have potentially harbored for a long time), which demand attention (including the overall need for political freedoms and open participation as well as for protective security), should not induce us to ignore these countries' achievements in the fields in which they have done remarkably well.

For a variety of historical reasons, including a focus on basic education and basic health care, and early completion of effective land reforms, widespread economic participation was easier to achieve in many of the East Asian and Southeast Asian economies in a way it has not been possible in, say, Brazil or India or Pakistan, where the creation of social opportunities has been much slower and that slowness has acted as a barrier to economic development.⁸ The expansion of social opportunities has served to facilitate high-employment economic development and has also created favorable circumstances for reduction of mortality rates and for expansion of life expectancy. The contrast is sharp with some other high-growth countries—such as Brazil—which have had almost comparable growth of GNP per head, but also have quite a history of severe social inequality, unemployment and neglect of public health care. The longevity achievements of these other high-growth economies have moved more slowly.

There are two interesting—and interrelated—contrasts here:

- 1) for *high economic growth economies*, the contrast between:
 - 1.1) those with great success in raising the length and quality of life (such as South Korea and Taiwan), and
 - 1.2) those without comparable success in these other fields (such as Brazil);
- 2) for *economies with high success in raising the length and quality of life*, the contrast between:
 - 2.1) those with great success in high economic growth (such as South Korea and Taiwan), and
 - 2.2) those without much success in achieving high economic growth (such as Sri Lanka, *pre-reform* China, the Indian state of Kerala).

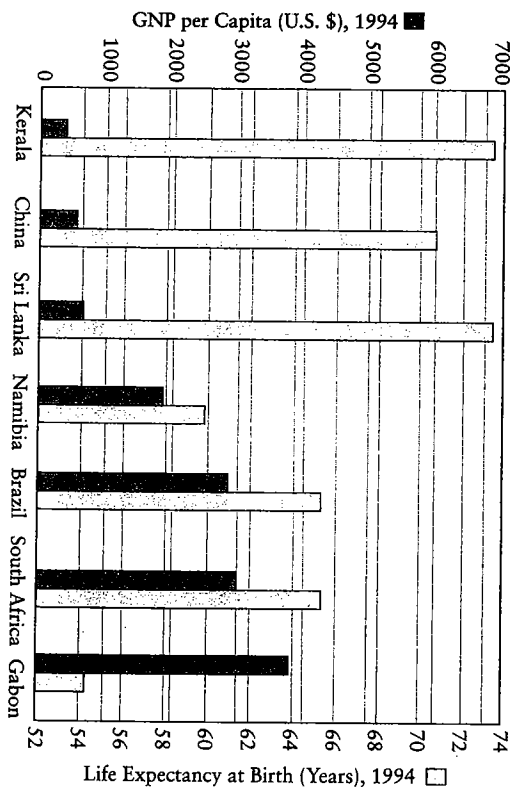
I have already commented on the first contrast (between, say, South Korea and Brazil), but the second contrast too deserves policy

attention. In our book *Hunger and Public Action*, Jean Dreze and I have distinguished between two types of success in the rapid reduction of mortality, which we called respectively "growth-mediated" and "support-led" processes.⁹ The former process works through fast economic growth, and its success depends on the growth process being wide-based and economically broad (strong employment orientation has much to do with this), and also on utilization of the enhanced economic prosperity to expand the relevant social services, including health care, education and social security. In contrast with the growth-mediated mechanism, the support-led process does not operate through fast economic growth, but works through a program of skillful social support of health care, education and other relevant social arrangements. This process is well exemplified by the experiences of economies such as Sri Lanka, pre-reform China, Costa Rica or Kerala, which have had very rapid reductions in mortality rates and enhancement of living conditions, without much economic growth.

PUBLIC PROVISIONING, LOW INCOMES AND RELATIVE COSTS

The support-led process does not wait for dramatic increases in per capita levels of real income, and it works through priority being given to providing social services (particularly health care and basic education) that reduce mortality and enhance the quality of life. Some examples of this relationship are shown in figure 2.1, which presents the GNP per head and life expectancy at birth of six countries (China, Sri Lanka, Namibia, Brazil, South Africa and Gabon) and one sizable state (Kerala) with thirty million people, within a country (India).¹⁰ Despite their very low levels of income, the people of Kerala, or China, or Sri Lanka enjoy enormously higher levels of life expectancy than do much richer populations of Brazil, South Africa and Namibia, not to mention Gabon. Even the *direction* of the inequality points opposite when we compare Kerala, China and Sri Lanka, on one side, with Brazil, South Africa, Namibia and Gabon, on the other. Since life expectancy variations relate to a variety of social opportunities that are central to development (including epidemiological policies, health care, educational facilities and so on), an

FIGURE 2.1: GNP per Capita (U.S. Dollars) and Life Expectancy at Birth, 1994



Sources: Country data, 1994, World Bank, *World Development Report 1996*; Kerala data, Life expectancy, 1989-1993, Sample Registration System cited in Government of India (1997), Department of Education, *Women in India: A Statistical Profile*; Domestic product per capita, 1992-1993, Government of India (1997), Ministry of Finance, *Economic Survey 1996-1997*.

income-centered view is in serious need of supplementation, in order to have a fuller understanding of the process of development.¹¹ These contrasts are of considerable policy relevance, and bring out the importance of the support-led process.¹²

Surprise may well be expressed about the possibility of financing support-led processes in poor countries, since resources are surely needed to expand public services, including health care and education. In fact, the need for resources is frequently presented as an argument for *postponing* socially important investments until a country is already richer. Where (as the famous rhetorical question goes) are the poor countries going to find the means for "supporting" these services? This is indeed a good question, but it also has a good answer, which lies very considerably in the economics of relative costs. The

viability of this supported process is dependent on the fact that the relevant social services (such as health care and basic education) are very *labor intensive*, and thus are relatively inexpensive in poor—and low-wage—economies. A poor economy may *have* less money to spend on health care and education, but it also *needs* less money to spend to provide the same services, which would cost much more in the richer countries. Relative prices and costs are important parameters in determining what a country can afford. Given an appropriate social commitment, the need to take note of the variability of relative costs is particularly important for social services in health and education.¹³

It is obvious that the growth-mediated process has an advantage over its supported alternative; it may, ultimately, offer more, since there are more deprivations—*other than* premature mortality, or high morbidity, or illiteracy—that are very directly connected with the lowness of incomes (such as being inadequately clothed and sheltered). It is clearly better to have high income *as well as* high longevity (and other standard indicators of quality of life), rather than only the latter. This is a point worth emphasizing, since there is some danger of being “overconvinced” by the statistics of life expectancy and other such basic indicators of quality of life.

For example, the fact that the Indian state of Kerala has achieved impressively high life expectancy, low fertility, high literacy and so on despite its low income level per head is certainly an achievement worth celebrating and learning from. And yet the question remains as to why Kerala has not been able to build on its successes in human development to raise its income levels as well, which would have made its success more complete; it can scarcely serve as a “model” case, as some have tried to claim. From a policy point of view, this requires a critical scrutiny of Kerala’s economic policies regarding incentives and investments (“economic facilities,” in general), despite its unusual success in raising life expectancy and the quality of life.¹⁴ Supported success does, in this sense, remain shorter in achievement than growth-mediated success, where the increase in economic opulence and the enhancement of quality of life tend to move together. On the other hand, the success of the supported process as a route does indicate that a country need not wait until it is much richer (through what may be a long period of economic growth)

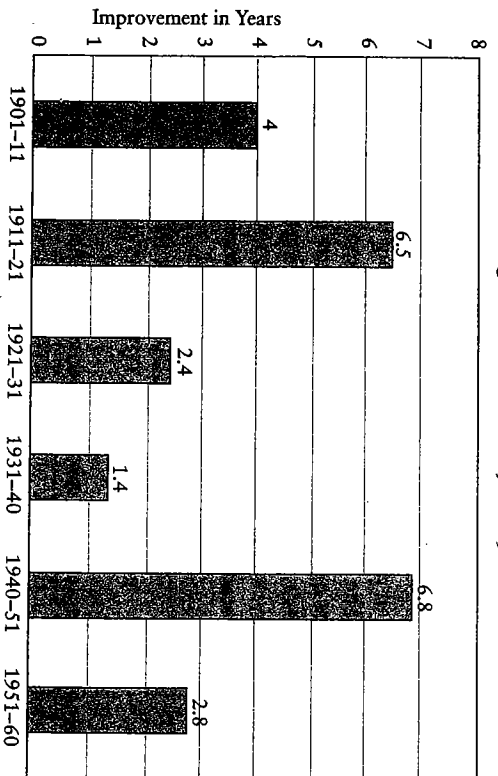
before embarking on rapid expansion of basic education and health care. The quality of life can be vastly raised, despite low incomes, through an adequate program of social services. The fact that education and health care are also productive in raising economic growth adds to the argument for putting major emphasis on these social arrangements in poor economies, *without* having to wait for “getting rich” *first*.¹⁵ The supported process is a recipe for rapid achievement of higher quality of life, and this has great policy importance, but there remains an excellent case for moving on from there to broader achievements that include economic growth as well as the raising of the standard features of quality of life.

MORTALITY REDUCTION IN TWENTIETH-CENTURY BRITAIN

In this context, it is also instructive to reexamine the time pattern of mortality reduction and of the increase in life expectancy in the advanced industrial economies. The role of public provision of health care and nutrition, and generally of social arrangements, in mortality reduction in Europe and the United States over the last few centuries has been well analyzed by Robert Fogel, Samuel Preston and others.¹⁶ The time pattern of the expansion of life expectancy in this century itself is of particular interest, bearing in mind that at the turn of the last century, even Britain—then the leading capitalist market economy—still had a life expectancy at birth that was lower than the average life expectancy for low-income countries today. However, longevity in Britain did rise rapidly over the century, influenced partly by strategies of social programs, and the time pattern of this increase is of some interest.

The expansion of programs of support for nutrition, health care and so on in Britain was not uniformly fast over the decades. There were two periods of remarkably fast expansion of support-oriented policies in this century; they occurred during the two world wars. Each war situation produced much greater sharing of means of survival, including sharing of health care and the limited food supply (through rationing and subsidized nutrition). During the First World War, there were remarkable developments in social attitudes about “sharing” and public policies aimed at achieving that sharing, as has

FIGURE 2.2: *Improvements in Life Expectancy in England and Wales, 1901-1960*



Sources: S. Preston, N. Keyfitz, and R. Schoen, *Causes of Death: Life Tables for National Population* (New York: Seminar Press, 1992).

been well analyzed by Jay Winter.¹⁷ During the Second World War also, unusually supportive and shared social arrangements developed, related to the psychology of sharing in beleaguered Britain, which made these radical public arrangements for the distribution of food and health care acceptable and effective.¹⁸ Even the National Health Service was born during those war years.

Did this make any real difference to health and survival? Was there, in fact, a correspondingly faster mortality reduction in these periods of support-led policies in Britain? It is, in fact, confirmed by detailed nutritional studies that during the Second World War, even though the per capita availability of food fell significantly in Britain, cases of undernourishment also *declined* sharply, and extreme undernourishment almost entirely disappeared.¹⁹ Mortality rates also went down sharply (except of course for war mortality itself). A similar thing had happened during the First World War.²⁰

Indeed, it is remarkable that interdecade comparisons, based on

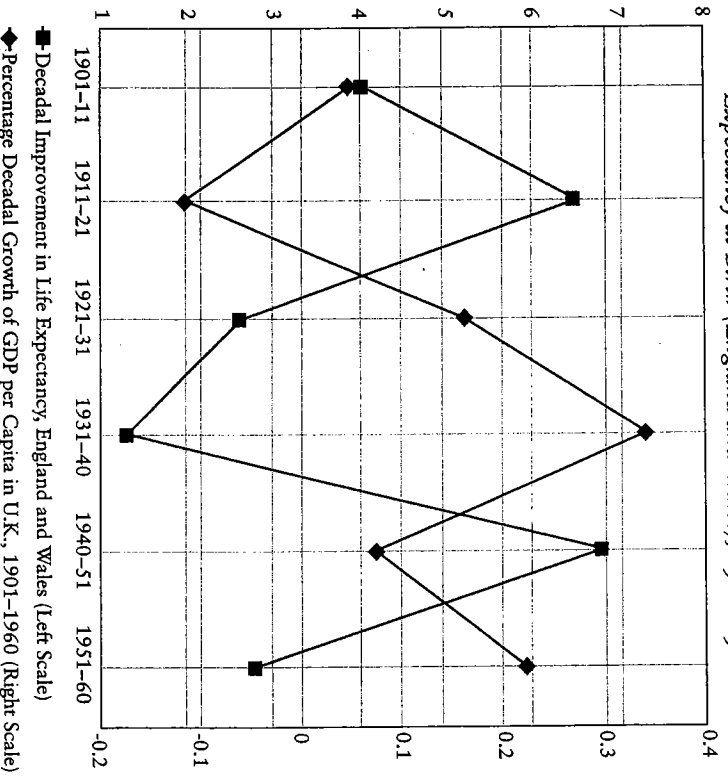
decadal censuses, show that by a very wide margin the most speedy expansion of life expectancy occurred precisely during those two “war decades” (as shown in figure 2.2, which presents the increase in life expectancy in years during each of the first six decades of this century).²¹ While in the other decades life expectancy rose rather moderately (between one year and four years), in each of the two war decades it jumped up by nearly seven years.

We must also ask whether the much sharper increase in life expectancy during the war decades can be explained alternatively, by faster economic growth over those decades. The answer seems to be in the negative. In fact, the decades of fast expansion of life expectancy happened to be periods of *slow* growth of gross domestic product per head, as shown in figure 2.3. It is, of course, possible to hypothesize that the GDP growth had its effects on life expectancy with a time lag of a decade, and while this is not contradicted by figure 2.3 itself, it does not stand up much to other scrutiny, including the analysis of possible causal processes. A much more plausible explanation of the rapid increase in British life expectancy is provided by the changes in the extent of social sharing during the war decades, and the sharp increases in public support for social services (including nutritional support and health care) that went with this. Much light is thrown on these contrasts by studies of health and other living conditions of the population through the war periods, and their connection with social attitudes and public arrangements.²²

DEMOCRACY AND POLITICAL INCENTIVES

Illustrations of linkages can come from a great many other connections. Let me briefly comment on one more: that between political liberty and civil rights, on the one hand, and the freedom to avoid economic disasters, on the other. The most elementary vindication of this connection can be seen in the fact, on which I commented earlier (in chapter 1, and indirectly—in discussing the China-India contrast—in the present chapter) that famines do not occur in democracies. Indeed, no substantial famine has ever occurred in a democratic country—no matter how poor.²³ This is because famines are extremely easy to prevent if the government tries to prevent them, and a government in a multiparty democracy with elections and free

FIGURE 2.3: Growth of GDP (U.K.) and Decadal Increases in Life Expectancy at Birth (England and Wales), 1901-1960



■ Decadal Improvement in Life Expectancy, England and Wales (Left Scale)
 ◆ Percentage Decadal Growth of GDP per Capita in U.K., 1901-1960 (Right Scale)

Sources: A. Madison, *Phases of Capitalist Development* (New York: Oxford University Press, 1982); S. Preston et al., *Causes of Death* (New York: Seminar Press, 1972).

media has strong political incentives to undertake famine prevention. This would indicate that political freedom in the form of democratic arrangements helps to safeguard economic freedom (especially freedom from extreme starvation) and the freedom to survive (against famine mortality).

The security provided by democracy may not be much missed when a country is lucky enough to be facing no serious calamity, when everything is running along smoothly. But the danger of insecurity, arising from changes in the economic or other circumstances

or from uncorrected mistakes of policy, can lurk behind what looks like a healthy state. When this connection is discussed more fully (in chapters 6 and 7), the political aspects of the recent "Asian economic crisis" will need to be addressed.

A CONCLUDING REMARK

The analysis presented in this chapter develops the basic idea that enhancement of human freedom is both the main object and the primary means of development. The objective of development relates to the valuation of the actual freedoms enjoyed by the people involved. Individual capabilities crucially depend on, among other things, economic, social, and political arrangements. In making appropriate institutional arrangements, the instrumental roles of distinct types of freedom have to be considered, going well beyond the foundational importance of the overall freedom of individuals.

The instrumental roles of freedom include several distinct but inter-related components, such as economic facilities, political freedoms, social opportunities, transparency guarantees and protective security. These instrumental rights, opportunities and entitlements have strong interlinkages, which can go in different directions. The process of development is crucially influenced by these interconnections. Corresponding to multiple interconnected freedoms, there is a need to develop and support a plurality of institutions, including democratic systems, legal mechanisms, market structures, educational and health provisions, media and other communication facilities and so on. The institutions can incorporate private initiatives as well as public arrangements and also more mixed structures, such as nongovernmental organizations and cooperative entities.

The ends and means of development call for placing the perspective of freedom at the center of the stage. The people have to be seen, in this perspective, as being actively involved—given the opportunity—in shaping their own destiny, and not just as passive recipients of the fruits of cunning development programs. The state and the society have extensive roles in strengthening and safeguarding human capabilities. This is a supporting role, rather than one of ready-made delivery. The freedom-centered perspective on the ends and the means of development has some claim to our attention.

FREEDOM AND THE
FOUNDATIONS OF JUSTICE

Let me begin with a parable. Annapurna wants someone to clear up the garden, which has suffered from past neglect, and three unemployed laborers—Dinu, Bishanno and Rogini—all very much want the job. She can hire any one of them, but the work is indivisible and she cannot distribute it among the three. Annapurna would get much the same work done for much the same payment from any of them, but being a reflective person, she wonders who would be the right person to employ.

She gathers that while all of them are poor, Dinu is the poorest of the three; everyone agrees on that fact. This makes Annapurna rather inclined to hire him ("What can be more important," she asks herself, "than helping the poorest?").

However, she also gathers that Bishanno has recently been impoverished and is psychologically most depressed about his predicament. Dinu and Rogini are, in contrast, experienced in being poor and are used to it. Everyone agrees that Bishanno is the unhappiest of the three and would certainly gain more in happiness than the other two. This makes Annapurna rather favorable to the idea of giving the job to Bishanno ("Surely removing unhappiness has to be," she tells herself, "the first priority").

But Annapurna is also told that Rogini is debilitated from a chronic ailment—borne stoically—and could use the money to be earned to rid herself of that terrible disease. It is not denied that Rogini is less poor than the others (though certainly poor) and also

not the unhappiest since she bears her deprivation rather cheerfully, used—as she has been—to being deprived all her life (coming from a poor family, and having been trained to reconcile herself to the general belief that, as a young woman, she must neither grumble nor entertain much ambition). Annapurna wonders whether, nevertheless, it might not be right to give the job to Rogini ("If would make the biggest difference," she surmises, "to the quality of life and freedom from illness").

Annapurna wonders what she really should do. She recognizes that if she knew only the fact that Dinu is the poorest (and knew nothing else), she would have definitely opted for giving the work to Dinu. She also reflects that had she known only the fact that Bishanno is the unhappiest and would get the most pleasure from the opportunity (and knew nothing else), she would have had excellent reasons to hire Bishanno. And she can also see that if she was apprised only of the fact that Rogini's debilitating ailment could be cured with the money she would earn (and knew nothing else), she would have had a simple and definitive reason for giving the job to her. But she knows all the three relevant facts, and has to choose among the three arguments, each of which has some pertinence.

There are a number of interesting issues of practical reason in this simple example, but the point I want to emphasize here is that the differences in the principles involved relate to the particular information that is taken to be decisive. If all the three facts are known, the decision rests on which information is given the most weight. The principles thus can best be seen in terms of their respective "informational bases." Dinu's income-egalitarian case focuses on income-poverty; Bishanno's classical utilitarian case concentrates on the metric of pleasure and happiness; Rogini's quality-of-life case centers on the kinds of life the three respectively can lead. The first two arguments are among the most discussed and most used in the economic and ethical literatures. I shall present some arguments for the third, but for the moment my intention is very modest: only to illustrate the critical importance of the informational bases of competing principles.

In the discussion that follows, I comment on both (1) the general question of the importance of the informational base for evaluative judgments and (2) the particular issues of the adequacy of the

respective informational bases of some standard theories of social ethics and justice, in particular utilitarianism, libertarianism and Rawlsian theory of justice. While there is clearly much to be learned from the way the informational issue is dealt with in these major approaches in political philosophy, it is also argued that each of the informational bases respectively used—explicitly or implicitly—by utilitarianism, libertarianism and Rawlsian justice has serious flaws, if substantive individual freedoms are taken to be important. This diagnosis motivates the discussion of an alternative approach to evaluation that focuses directly on freedom, seen in the form of individual capabilities to do things that a person has reason to value.

It is this last, constructive part of the analysis that is extensively utilized in the rest of the book. If the reader is not much interested in the critiques of other approaches (and the respective advantages and difficulties of utilitarianism, libertarianism or Rawlsian justice), there would be no particular problem in skipping these critical discussions and proceeding directly to the latter part of the chapter.

INCLUDED AND EXCLUDED INFORMATION

Each evaluative approach can, to a great extent, be characterized by its informational basis: the information that is needed for making judgments using that approach and—no less important—the information that is “excluded” from a direct evaluative role in that approach.¹ Informational *exclusions* are important constituents of an evaluative approach. The excluded information is not permitted to have any direct influence on evaluative judgments, and while this is usually done in an implicit way, the character of the approach may be strongly influenced by insensitivity to the excluded information.

For example, utilitarian principles rest ultimately on utilities only, and even though much instrumental account may be taken of incentives, it is utility information that is seen, eventually, as the only proper basis for evaluation of states of affairs, or for the assessment of actions or rules. In utilitarianism’s classical form, as developed particularly by Jeremy Bentham, utility is defined as pleasure, or happiness, or satisfaction, and everything thus turns on these mental achievements.² Such potentially momentous matters as individual freedom, the fulfillment or violation of recognized rights, aspects of quality of life not adequately reflected in the statistics of pleasure,

cannot directly swing a normative evaluation in this utilitarian structure. They can have an indirect role only *through* their effects on utility numbers (that is, only to the extent that they may have an impact on mental satisfaction, pleasure or happiness). Furthermore, the aggregative framework of utilitarianism has no interest in—or sensitivity to—the actual *distribution* of utilities, since the concentration is entirely on the *total* utility of everyone taken together. All this produces a very limited informational base, and this pervasive insensitivity is a significant limitation of utilitarian ethics.³

In modern forms of utilitarianism, the content of “utility” is often seen differently: not as pleasure, satisfaction or happiness, but as the fulfillment of desire, or as some kind of representation of a person’s choice behavior.⁴ I shall consider these distinctions presently, but it is not hard to see that this redefinition of utility does not in itself eliminate the indifference to freedoms, rights and liberties that is a characteristic feature of utilitarianism in general.

Turning now to libertarianism, it has, in contrast with utilitarian theory, no direct interest either in happiness or in desire fulfillment, and its informational base consists entirely of liberties and rights of various kinds. Even without going into the exact formulas that are used by utilitarianism or by libertarianism respectively to characterize justice, it is clear from the mere contrast of their informational bases that they must take very different—and typically incompatible—views of justice.

In fact, the real “bite” of a theory of justice can, to a great extent, be understood from its informational base: what information is—or is not—taken to be directly relevant.⁵ For example, classical utilitarianism tries to make use of the information of different persons’ respective happiness or pleasures (seen in a comparative framework), whereas libertarianism demands compliance with certain rules of liberty and propriety, assessing the situation through information on this compliance. They go in different directions, largely driven by what information they respectively take as being central to judging the justice or acceptability of different social scenarios. The informational basis of normative theories in general, and of theories of justice in particular, is of decisive significance, and can be the crucial point of focus in many debates on practical policies (as will be seen in arguments to be taken up later).

In the next few pages, the informational bases of some distin-

guished approaches to justice will be examined, beginning with utilitarianism. The merits and limitations of each approach can, to a great extent, be understood by examining the reach and limits of its informational base. On the basis of the problems encountered in the different approaches that are commonly used in the context of evaluation and policy making, an alternative approach to justice will be briefly outlined. It concentrates on the informational base of individual freedoms (not utilities), but incorporates sensitivity to consequences which, I would argue, is an appreciable asset of the utilitarian perspective. I shall examine this "capability approach" to justice more fully later on in the present chapter and in the next one.

UTILITY AS AN INFORMATIONAL BASE

The informational base of standard utilitarianism is the utility sum total in the states of affairs. In the classical, Benthamite form of utilitarianism, the "utility" of a person stands for some measure of his or her pleasure or happiness. The idea is to pay attention to each person's well-being, and in particular to see well-being as essentially a mental characteristic, viz., the pleasure or happiness generated. Interpersonal comparisons of happiness cannot, of course, be done very precisely, nor through standard scientific methods.⁶ Nevertheless, most of us do not find it absurd (or "meaningless") to identify some people as being decidedly less happy and more miserable than others.

Utilitarianism has been the dominant ethical theory—and, *inter alia*, the most influential theory of justice—for much over a century. The traditional economics of welfare and of public policy was for a very long time dominated by this approach, initiated in its modern form by Jeremy Bentham, and pursued by such economists as John Stuart Mill, William Stanley Jevons, Henry Sidgwick, Francis Edgeworth, Alfred Marshall and A. C. Pigou.⁷

The requirements of utilitarian evaluation can be split into three distinct components. The first component is "consequentialism" (not a prepossessing word), and it stands for the claim that all choices (of actions, rules, institutions, and so on) must be judged by their consequences, that is, by the results they generate. This focus on the consequent state of affairs denies particularly the tendency of some normative theories to regard some principles to be right *irrespec-*

tive of their results. In fact, it goes further than demanding only consequence-sensitivity, since it rules out that anything other than consequences can ultimately matter. How much of a restriction is imposed by consequentialism has to be judged further, but it is worth mentioning here that this must partly depend on what is or is not included in the list of consequences (for example, whether an action performed can be seen as one of the "consequences" of that action, which—in an obvious sense—it clearly is).

The second component of utilitarianism is "welfarism," which restricts the judgments of state of affairs to the utilities in the respective states (paying no direct attention to such things as the fulfillment or violation of rights, duties, and so on). When welfarism is combined with consequentialism, we get the requirement that every choice must be judged by the respective utilities it generates. For example, any action is judged by the consequent state of affairs (because of consequentialism), and the consequent state of affairs is judged by utilities in that state (because of welfarism).

The third component is "sum-ranking," which requires that the utilities of different people be simply summed together to get their aggregate merit, without paying attention to the distribution of that total over the individuals (that is, the utility sum is to be maximized irrespective of the extent of inequality in the distribution of utilities). The three components together yield the classic utilitarian formula of judging every choice by the sum total of utilities generated through that choice.⁸

In this utilitarian view, *injustice* consists in aggregate loss of utility compared with what could have been achieved. An unjust society, in this view, is one in which people are significantly less happy, taken together, than they need be. The concentration on happiness or pleasure has been removed in some modern forms of utilitarianism. In one variation, utility is defined as desire fulfillment. In this view, what is relevant is the strength of the desire that is being fulfilled, and not the intensity of the happiness that is generated.

Since neither happiness nor desire is very easy to measure, utility is often defined in modern economic analysis as some numerical representation of a person's observable *choices*. There are some technical issues in representability, which need not detain us here. The basic formula is this: if a person would choose an alternative *x* over

another, y , then and only then that person has more utility from x than from y . The "scaling" of utility has to follow this rule, among others, and in this framework it is not substantively different to affirm that a person has more utility from x than from y than to say that she would choose x given the choice between the two.⁹

MERITS OF THE UTILITARIAN APPROACH

The procedure of choice-based accounting has some general merits as well as demerits. In the context of utilitarian calculus, its major demerit is that it does not lead immediately to any way of making interpersonal comparisons, since it concentrates on each individual's choice seen separately. This is obviously inadequate for utilitarianism, since it cannot accommodate sum-ranking, which does require interpersonal comparability. As a matter of fact, the choice-based view of utility has been used mainly in the context of approaches that invoke welfarism and consequentialism only. It is a kind of utility-based approach without being utilitarianism proper.

While the merits of the utilitarian approach can be subjected to some debate, it does make insightful points, in particular:

- 1) the importance of taking account of the *results* of social arrangements in judging them (the case for consequence-sensitivity may be very plausible even when full consequentialism seems too extreme);
- 2) the need to pay attention to the *well-being* of the people involved when judging social arrangements and their results (the interest in people's well-being has obvious attractions, even if we disagree on the utility-centered mental-metric way of judging well-being).

To illustrate the relevance of results, consider the fact that many social arrangements are advocated because of the attractions of their constitutive features, without any note being taken of their consequential outcomes. Take property rights. Some have found it to be constitutive of individual independence and have gone on to ask that no restriction be placed on the ownership, inheritance and use of property, rejecting even the idea of taxing property or income. Oth-

ers, on the opposite side of the political divide, have been repelled by the idea of inequalities of ownership—some having so much while others have so little—and they have gone on to demand the abolition of private property.

One can indeed entertain different views on the intrinsic attractions or repulsive features of private property. The consequentialist approach suggests that we must not be swayed only by these features, and must examine the consequences of having—or not having—property rights. Indeed, the more influential defenses of private property tend to come from pointers to its positive consequences. It is pointed out that private property has proved to be, in terms of results, quite a powerful engine of economic expansion and general prosperity. In the consequentialist perspective that fact must occupy a central position in assessing the merits of private property. On the other side, once again in terms of results, there is also much evidence to suggest that unconstrained use of private property—without restrictions and taxes—can contribute to entrenched poverty and make it difficult to have social support for those who fall behind for reasons beyond their control (including disability, age, illness and economic and social misfortune). It can also be defective in ensuring environmental preservation, and in the development of social infrastructure.¹⁰

Thus, neither of the purist approaches emerges unscathed in terms of analysis by results, suggesting that arrangements regarding property may have to be judged, at least partly, by their likely consequences. This conclusion is in line with the utilitarian spirit, even though full utilitarianism would insist on a very specific way of judging consequences and their relevance. The general case for taking full note of results in judging policies and institutions is a momentous and plausible requirement, which has gained much from the advocacy of utilitarian ethics.

Similar arguments can be presented in favor of taking note of human well-being in judging results, rather than looking only at some abstract and alienated characteristics of states of affairs. The focusing on consequences and on well-being, thus, have points in their favor, and this endorsement—it is only a partial endorsement—of the utilitarian approach to justice relates directly to its informational base.

LIMITATIONS OF THE UTILITARIAN PERSPECTIVE

The handicaps of the utilitarian approach can also be traced to its informational base. Indeed, it is not hard to find fault with the utilitarian conception of justice.¹¹ To mention just a few, the following would appear to be among the deficiencies that a fully utilitarian approach yields.

1) *Distributional indifference*: The utilitarian calculus tends to ignore inequalities in the distribution of happiness (only the sum total matters—no matter how unequally distributed). We may be interested in general happiness, and yet want to pay attention not just to “aggregate” magnitudes, but also to extents of inequalities in happiness.

2) *Neglect of rights, freedoms and other non-utility concerns*: The utilitarian approach attaches no intrinsic importance to claims of rights and freedoms (they are valued only indirectly and only to the extent they influence utilities). It is sensible enough to take note of happiness, but we do not necessarily want to be happy slaves or delinquent vassals.

3) *Adaptation and mental conditioning*: Even the view the utilitarian approach takes of individual well-being is not very robust, since it can be easily swayed by mental conditioning and adaptive attitudes.

The first two criticisms are rather more immediate than the third, and perhaps I should comment a little only on the third—the issue of mental conditioning and its effect on the utilitarian calculus. Concentrating exclusively on mental characteristics (such as pleasure, happiness or desires) can be particularly restrictive when making *interpersonal* comparisons of well-being and deprivation. Our desires and pleasure-taking abilities adjust to circumstances, especially to make life bearable in adverse situations. The utility calculus can be deeply unfair to those who are persistently deprived: for example, the usual underdogs in stratified societies, perennially oppressed minorities in intolerant communities, traditionally precarious sharecroppers living in a world of uncertainty, routinely overworked sweatshop

employees in exploitative economic arrangements, hopelessly subdued housewives in severely sexist cultures. The deprived people tend to come to terms with their deprivation because of the sheer necessity of survival, and they may, as a result, lack the courage to demand any radical change, and may even adjust their desires and expectations to what they unambitiously see as feasible.¹² The mental metric of pleasure or desire is just too malleable to be a firm guide to deprivation and disadvantage.

It is thus important not only to take note of the fact that in the scale of utilities the deprivation of the persistently deprived may look muffled and muted, but also to favor the creation of conditions in which people have real opportunities of judging the kind of lives they would like to lead. Social and economic factors such as basic education, elementary health care, and secure employment are important not only on their own, but also for the role they can play in giving people the opportunity to approach the world with courage and freedom. These considerations require a broader informational base, focusing particularly on people's capability to choose the lives they have reason to value.

JOHN RAWLS AND THE PRIORITY OF LIBERTY

I turn now to the most influential—and in many ways the most important—of contemporary theories of justice, that of John Rawls.¹³ His theory has many components, but I start with a particular requirement that John Rawls has called “the priority of liberty.” Rawls's own formulation of this priority is comparatively moderate, but that priority takes a particularly sharp form in modern libertarian theory, which in some formulations (for example, in the elegantly uncompromising construction presented by Robert Nozick) puts extensive classes of rights—varying from personal liberties to property rights—as having nearly complete political precedence over the pursuit of social goals (including the removal of deprivation and destitution).¹⁴ These rights take the form of “side constraints,” which simply must not be violated. The procedures that are devised to guarantee rights, which are to be accepted no matter what consequences follow from them, are simply not on the same plane (so the argument goes) as the things that we may judge to be desirable (utilities, well-

being, equity of outcomes or opportunities, and so on). The issue, then, in this formulation, is not the *comparative importance* of rights, but their *absolute priority*.

In less demanding formulations of "priority of liberty" presented in liberal theories (most notably, in the writings of John Rawls), the rights that receive precedence are much less extensive, and essentially consist of various personal liberties, including some basic political and civil rights.¹⁵ But the precedence that these more limited rights receive is meant to be quite complete, and while these rights are much more confined in coverage than those in libertarian theory, they too cannot be in any way compromised by the force of economic needs.

The case for such a complete priority can be disputed by demonstrating the force of other considerations, including that of economic needs. Why should the status of intense economic needs, which can be matters of life and death, be lower than that of personal liberties? This issue was forcefully raised in a general form by Herbert Hart a long time ago (in a famous article in 1973). John Rawls has acknowledged the force of this argument in his later book *Political Liberalism* and suggested ways of accommodating it within the structure of his theory of justice.¹⁶

If the "priority of liberty" is to be made plausible even in the context of countries that are intensely poor, the content of that priority would have to be, I would argue, considerably qualified. This does not, however, amount to saying that liberty should not have priority, but rather that the form of that demand should not have the effect of making economic needs be easily overlooked. It is, in fact, possible to distinguish between (1) Rawls's strict proposal that liberty should receive overwhelming precedence in the case of a conflict, and (2) his general procedure of separating out personal liberty from other types of advantages for *special treatment*. The more general second claim concerns the need to assess and evaluate liberties differently from individual advantages of other kinds.

The critical issue, I would submit, is not complete precedence, but whether a person's liberty should get just the same kind of importance (*no more*) that other types of personal advantages—incomes, utilities and so on—have. In particular, the question is whether the significance of liberty for the society is adequately reflected by the weight that the person herself would tend to give to it in judging her

own overall advantage. The claim of preeminence of liberty (including basic political liberties and civil rights) disputes that it is adequate to judge liberty simply as an advantage—like an extra unit of income—that the person herself receives from that liberty.

In order to prevent a misunderstanding, I should explain that the contrast is *not* with the value that citizens attach—and have reason to attach—to liberty and rights in their *political* judgments. Quite the contrary: the safeguarding of liberty has to be ultimately related to the general political acceptability of its importance. The contrast, rather, is with the extent to which having more liberty or rights increases an individual's own *personal* advantage, which is only a *part* of what is involved. The claim here is that the political significance of rights can far exceed the extent to which the personal advantage of the holders of these rights is enhanced by having these rights. The interests of others are also involved (since liberties of different people are interlinked), and also the violation of liberty is a procedural transgression that we may have reason to resist as a bad thing in itself. There is, thus, an asymmetry with other sources of individual advantage, for example incomes, which would be valued largely on the basis of how much they contribute to the respective personal advantages. The safeguarding of liberty and basic political rights would have the procedural priority that follows from this asymmetric prominence.

This issue is particularly important in the context of the constitutive role of liberty and political and civil rights in making it possible to have public discourse and communicative emergence of agreed norms and social values. I shall examine this difficult issue more fully in chapters 6 and 10.

ROBERT NOZICK AND LIBERTARIANISM

I return now to the issue of complete priority of rights, including property rights, in the more demanding versions of libertarian theory. For example, in Nozick's theory (as presented in *Anarchy, State and Utopia*), the "entitlements" that people have through the exercise of these rights cannot, in general, be outweighed because of their results—no matter how nasty those results may be. A very exceptional exemption is given by Nozick to what he calls "catastrophic

moral horrors," but this exemption is not very well integrated with the rest of Nozick's approach, nor is this exemption matched with a proper justification (it remains quite ad hoc). The uncompromising priority of libertarian rights can be particularly problematic since the actual consequences of the operation of these entitlements can, quite possibly, include rather terrible results. It can, in particular, lead to the violation of the substantive freedom of individuals to achieve those things to which they have reason to attach great importance, including escaping avoidable mortality, being well nourished and healthy, being able to read, write and count and so on. The importance of these freedoms cannot be ignored on grounds of the "priority of liberty."

For example, as is shown in my *Poverty and Famines*, even gigantic famines can result without anyone's libertarian rights (including property rights) being violated.¹⁷ The destitutes such as the unemployed or the impoverished may starve precisely because their "entitlements"—legitimate as they are—do not give them enough food. This might look like a special case of a "catastrophic moral horror," but horrors of *any* degree of seriousness—all the way from gigantic famines to regular undernourishment and endemic but nonextreme hunger—can be shown to be consistent with a system in which no one's libertarian rights are violated. Similarly, deprivation of other types (for example, the lack of medical care for curable illnesses) can coexist with all libertarian rights (including rights of property ownership) being fully satisfied.

The proposal of a consequence-independent theory of political priority is afflicted by considerable indifference to the substantive freedoms that people end up having—or not having. We can scarcely agree to accept simple procedural rules *irrespective* of consequences—no matter how dreadful and totally unacceptable these consequences might be for the lives of the people involved. Consequential reasoning, in contrast, can attach great importance to the fulfillment or violation of individual liberties (and may even give it a specially favored treatment) without ignoring other considerations, including the actual impact of the respective procedures on the substantive freedoms that people actually have.¹⁸ To ignore consequences in general, including the freedoms that people get—or do not get—to exercise, can hardly be an adequate basis for an acceptable evaluative system.

In terms of its informational basis, libertarianism as an approach is just too limited. Not only does it ignore those variables to which utilitarian and welfareist theories attach great importance, but it also neglects the most basic freedoms that we have reason to treasure and demand. Even if liberty is given a special status, it is highly implausible to claim that it would have as absolute and relentless a priority as libertarian theories insist it must have. We need a broader informational basis of justice.

UTILITY, REAL INCOME AND INTERPERSONAL COMPARISONS

In traditional utilitarian ethics, "utility" is defined simply as happiness or pleasure, and sometimes as the fulfillment of desires. These ways of seeing utility in terms of mental metrics (of happiness or of desire) have been used not only by such pioneering philosophers as Jeremy Bentham, but also by utilitarian economists such as Francis Edgeworth, Alfred Marshall, A. C. Pigou and Dennis Robertson. As was discussed earlier in this chapter, this mental metric is subject to distortions brought about by psychological adjustment to persistent deprivation. This is indeed a major limitation of the reliance on the subjectivism of mental metrics such as pleasures or desires. Can utilitarianism be rescued from this limitation?

In modern use of "utility" in contemporary choice theory, its identification with pleasure or desire-fulfillment has been largely abandoned in favor of seeing utility simply as the numerical representation of a person's choice. I should explain that this change has occurred not really in response to the problem of mental adjustment, but mainly in reaction to the criticisms made by Lionel Robbins and other methodological positivists that interpersonal comparisons of different people's minds were "meaningless" from the scientific point of view. Robbins argued that there are "no means whereby such comparisons can be accomplished." He even cited—and agreed with—the doubts first expressed by W. S. Jevons, the utilitarian guru, himself: "Every mind is inscrutable to every other mind and no common denominator of feelings is possible."¹⁹ As economists convinced themselves that there was indeed something methodologically wrong in using interpersonal comparison of utilities, the fuller version of the

utilitarian tradition soon gave way to various compromises. The particular compromise that is extensively used now is to take utility to be nothing other than the representation of a person's preference. As was mentioned earlier, in this version of utility theory, to say that a person has more utility in state x than in state y is not essentially different from saying that she would choose to be in state x rather than in state y .

This approach has the advantage of not requiring that we undertake the difficult exercise of comparing different persons' mental conditions (such as pleasures or desires), but correspondingly, it closes the door *altogether* to the possibility of direct interpersonal comparisons of utilities (utility is each individual's separately scaled representation of her preferences). Since a person does not really have the option of becoming someone else, interpersonal comparisons of choice-based utility cannot be "read off" from the actual choices.²⁰

If different persons have different preferences (reflected in, say, different demand functions), there is obviously no way of getting interpersonal comparisons from these diverse preferences. But what if they *shared* the same preference and made the same choices in similar circumstances? Admittedly, this would be a very special case (indeed, as Horace noted, "there are as many preferences as there are people"), but it is still interesting to ask whether interpersonal comparisons can be made under this very special assumption. Indeed, the assumption of common preference and choice behavior is quite often made in applied welfare economics, and this is frequently used to justify the assumption that everyone has the same utility function. This is stylized interpersonal utility comparison with a vengeance. Is that presumption legitimate for the interpretation of utility as a numerical representation of preference?

The answer, unfortunately, is in the negative. It is certainly true that the assumption that everyone has the same utility function would yield the same preferences and choice behavior for all, but so would many other assumptions. For example, if a person gets exactly *half* (or one-third, or one-hundredth, or one-millionth) of the utility from every commodity bundle that another person gets, both will have the same choice behavior and identical demand function, but clearly—by construction—not the same level of utility from any commodity bundle. More mathematically, the numerical representation

of choice behavior is not unique; each choice behavior can be represented by a wide set of possible utility functions.²¹ The coincidence of choice behavior need not entail any congruence of utilities.²²

This is not just a "fussy" difficulty in pure theory; it can make a very big difference in practice as well. For example, *even if* a person who is depressed or disabled or ill happens to have the same demand function over commodity bundles as another who is not disadvantaged in this way, it would be quite absurd to insist that she is having the same utility (or well-being, or quality of life) from a given commodity bundle as the other can get from it. For example, a poor person with a parasitic stomach ailment may prefer two kilos of rice over one, in much the same way that another person—equally poor but with no ailment—may, but it would be hard to argue that both do equally well with, say, one kilo of rice. Thus, the assumption of the same choice behavior and same demand function (not a particularly realistic presumption, anyway) would provide no reason to expect the same utility function. Interpersonal comparisons are quite a distinct matter from explaining choice behavior, and the two can be identified only through a conceptual confusion.

These difficulties are often ignored in what are taken to be *utility comparisons* based on choice behavior, but which amount, at best, to comparisons of "real incomes" only—or of the *commodity basis* of utility. Even real-income comparisons are not easy when different persons have diverse demand functions, and this limits the rationale of such comparisons (even of the commodity basis of utility, not to mention utilities themselves). The limitations of treating real-income comparisons as putative utility comparisons are quite severe, partly because of the complete arbitrariness (even when demand functions of different persons are congruent) of the assumption that the same commodity bundle must yield the same level of utility to different persons, and also because of the difficulties in indexing even the commodity basis of utility (when demand functions are divergent).²³

At the practical level, perhaps the biggest difficulty in the real-income approach to well-being lies in the diversity of human beings. Differences in age, gender, special talents, disability, proneness to illness, and so on can make two different persons have quite divergent opportunities of quality of life *even when* they share exactly the same commodity bundle. Human diversity is among the difficulties that

limit the usefulness of real-income comparisons for judging different persons' respective advantages. The different difficulties are briefly considered in the next section, before I proceed to consider an alternative approach to interpersonal comparison of advantages.

WELL-BEING: DIVERSITIES AND HETEROGENEITIES

We use incomes and commodities as the material basis of our well-being. But what use we can respectively make of a given bundle of commodities, or more generally of a given level of income, depends crucially on a number of contingent circumstances, both personal and social.²⁴ It is easy to identify at least five distinct sources of variation between our real incomes and the advantages—the well-being and freedom—we get out of them.

1) *Personal heterogeneities*: People have disparate physical characteristics connected with disability, illness, age or gender, and these make their needs diverse. For example, an ill person may need more income to fight her illness—income that a person without such an illness would not need; and even with medical treatment the ill person may not enjoy the same quality of life that a given level of income would yield for the other person. A disabled person may need some prosthesis, an older person more support and help, a pregnant woman more nutritional intake, and so on. The "compensation" needed for disadvantages will vary, and furthermore some disadvantages may not be fully "correctable" even with income transfer.

2) *Environmental diversities*: Variations in environmental conditions, such as climatic circumstances (temperature ranges, rainfall, flooding and so on), can influence what a person gets out of a given level of income. Heating and clothing requirements of the poor in colder climates cause problems that may not be shared by equally poor people in warmer lands. The presence of infectious diseases in a region (from malaria and cholera to AIDS) alters the quality of life that inhabitants of that region may enjoy. So do pollution and other environmental handicaps.

3) *Variations in social climate*: The conversion of personal incomes and resources into the quality of life is influenced, also by social conditions, including public educational arrangements, and

the prevalence or absence of crime and violence in the particular location. Issues of epidemiology and pollution are both environmental and socially influenced. Aside from public facilities, the nature of community relationships can be very important, as the recent literature on "social capital" has tended to emphasize.²⁵

4) *Differences in relational perspectives*: The commodity requirements of established patterns of behavior may vary between communities, depending on conventions and customs. For example, being *relatively* poor in a rich community can prevent a person from achieving some elementary "functionings" (such as taking part in the life of the community) even though her income, in absolute terms, may be much higher than the level of income at which members of poorer communities can function with great ease and success. For example, to be able to "appear in public without shame" may require higher standards of clothing and other visible consumption in a richer society than in a poorer one (as Adam Smith noted more than two centuries ago).²⁶ The same parametric variability may apply to the personal resources needed for the fulfillment of self-respect. This is primarily an intersocietal variation, rather than an interindividual variation within a given society, but the two issues are frequently interlinked.

5) *Distribution within the family*: Incomes earned by one or more members of a family are shared by all—non-earners as well as earners. The family is thus the basic unit for consideration of incomes from the standpoint of their use. The well-being or freedom of individuals in a family will depend on how the family income is used in furtherance of the interests and objectives of different members of the family. Thus, intrafamily distribution of incomes is quite a crucial parametric variable in linking individual achievements and opportunities with the overall level of family income. Distributional rules followed within the family (for example, related to gender or age or perceived needs) can make a major difference to the attainments and predicaments of individual members.²⁷

These different sources of variation in the relation between income and well-being make opulence—in the sense of high real income—a limited guide to welfare and the quality of life. I shall come back to these variations and their impact later on in this book

(particularly in chapter 4), but there must be some attempt before that to address the question: What is the alternative? That is the question I take up next.

INCOMES, RESOURCES AND FREEDOMS

The view that poverty is simply shortage of income is fairly well established in the literature on the subject. It is not a silly view, since income—properly defined—has an enormous influence on what we can or cannot do. The inadequacy of income is often the major cause of deprivations that we standardly associate with poverty, including starvation and famines. In studying poverty, there is an excellent argument for *beginning* with whatever information we have on the distribution of incomes, particularly low real incomes.²⁸

There is, however, an equally good case for not *ending* with income analysis only. John Rawls's classic analysis of "primary goods" provides a broader picture of resources that people need no matter what their respective ends are; this includes income but also other general-purpose "means." Primary goods are general-purpose means that help anyone to promote his or her ends, and include "rights, liberties and opportunities, income and wealth, and the social bases of self-respect."²⁹ The concentration on primary goods in the Rawlsian framework relates to his view of individual advantage in terms of the opportunities the individuals enjoy to pursue their respective objectives. Rawls saw these objectives as the pursuit of individual "conceptions of the good," which would vary from person to person. If, despite having the same basket of primary goods as another (or even having a larger basket), a person ends up being less happy than the other person (for example, because of having expensive tastes), then no injustice need be involved in this inequality in the utility space. A person, Rawls argued, has to take responsibility for his or her own preferences.³⁰

The broadening of the informational focus from incomes to primary goods is not, however, adequate to deal with all the relevant variations in the relationship between income and resources, on the one hand, and well-being and freedom, on the other. Indeed, primary goods themselves are mainly various types of general resources, and the use of these resources to generate the ability to do valuable things is subject to much the same list of variations we considered in the last

section in the context of reviewing the relationship between income and well-being: personal heterogeneities, environmental diversities, variations in social climate, differences in relational perspectives and distribution within the family.³¹ Personal health and the capability to be healthy can, for example, depend on a great variety of influences.³²

An alternative to focusing on means of good living is to concentrate on the *actual living* that people manage to achieve (or going beyond that, on the *freedom* to achieve actual livings that one can have reason to value). There have, in fact, been many attempts in contemporary economics to be concerned directly with "levels of living" and its constituent elements, and with the fulfillment of basic needs, at least from A. C. Pigou onward.³³ Beginning in 1990, under the pioneering leadership of Mahbub ul Haq (the great Pakistani economist, who died suddenly in 1998), the United Nations Development Programme (UNDP) has been publishing annual reports on "human development" that have thrown systematic light on the actual lives lived by people, especially by the relatively deprived.³⁴

Taking an interest in the lives that people actually lead is not new in economics (as was pointed out in chapter 1). Indeed, the Aristotelian account of the human good (as Martha Nussbaum discusses) was explicitly linked to the necessity to "first ascertain the function of man" and then proceeded to explore "life in the sense of activity" as the basic block of normative analysis.³⁵ Interest in living conditions is also strongly reflected (discussed earlier) in the writings on national accounts and economic prosperity by pioneering economic analysts, such as William Petty, Gregory King, François Quesnay, Antoine-Laurent Lavoisier and Joseph-Louis Lagrange.

It is also an approach that much engaged Adam Smith. As mentioned earlier, he was concerned with such capability to function as "the ability to appear in public without shame" (rather than only with real income or the commodity bundle possessed).³⁶ What counts as "necessity" in a society is to be determined, in Smithian analysis, by its need to generate some minimally required freedoms, such as the ability to appear in public without shame, or to take part in the life of the community. Adam Smith put the issue thus:

By necessities I understand not only the commodities which are indispensably necessary for the support of life, but what ever the customs of the country renders it indecent for creditable

people, even the lowest order to be without. A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably though they had no linen. But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty which, it is presumed, nobody can well fall into without extreme bad conduct. Custom, in the same manner, has rendered leather shoes a necessary of life in England. The poorest creditable person of either sex would be ashamed to appear in public without them.³⁷

In the same way, a family in contemporary America or Western Europe may find it hard to take part in the life of the community without possessing some specific commodities (such as a telephone, a television or an automobile) that are not necessary for community life in poorer societies. The focus has to be, in this analysis, on the freedoms generated by commodities, rather than on the commodities seen on their own.

WELL-BEING, FREEDOM AND CAPABILITY

I have tried to argue for some time now that for many evaluative purposes, the appropriate "space" is neither that of utilities (as claimed by welfarists), nor that of primary goods (as demanded by Rawls), but that of the substantive freedoms—the capabilities—to choose a life one has reason to value.³⁸ If the object is to concentrate on the individual's real opportunity to pursue her objectives (as Rawls explicitly recommends), then account would have to be taken not only of the primary goods the persons respectively hold, but also of the relevant personal characteristics that govern the *conversion* of primary goods into the person's ability to promote her ends. For example, a person who is disabled may have a larger basket of primary goods and yet have less chance to lead a normal life (or to pursue her objectives) than an able-bodied person with a smaller basket of primary goods. Similarly, an older person or a person more prone to illness can be more disadvantaged in a generally accepted sense even with a larger bundle of primary goods.³⁹

The concept of "functionings," which has distinctly Aristotelian roots, reflects the various things a person may value doing or being.⁴⁰ The valued functionings may vary from elementary ones, such as being adequately nourished and being free from avoidable disease,⁴¹ to very complex activities or personal states, such as being able to take part in the life of the community and having self-respect.

A person's "capability" refers to the alternative combinations of functionings that are feasible for her to achieve. Capability is thus a kind of freedom: the substantive freedom to achieve alternative functioning combinations (or, less formally put, the freedom to achieve various lifestyles). For example, an affluent person who fasts may have the same functioning achievement in terms of eating or nourishment as a destitute person who is forced to starve, but the first person does have a different "capability set" than the second (the first *can* choose to eat well and be well nourished in a way the second cannot).

There can be substantial debates on the particular functionings that should be included in the list of important achievements and the corresponding capabilities.⁴² This valuational issue is inescapable in an evaluative exercise of this kind, and one of the main merits of the approach is the need to address these judgmental questions in an explicit way, rather than hiding them in some implicit framework.

This is not the occasion to go much into the technicalities of representation and analysis of functionings and capabilities. The amount or the extent of each functioning enjoyed by a person may be represented by a real number and when this is done, a person's actual achievement can be seen as a *functioning vector*. The "capability set" would consist of the alternative functioning vectors that she can choose from.⁴³ While the combination of a person's functionings reflects her actual *achievements*, the capability set represents the *freedom* to achieve: the alternative functioning combinations from which this person can choose.⁴⁴

The evaluative focus of this "capability approach" can be either on the *realized* functionings (what a person is actually able to do) or on the *capability set* of alternatives she has (her real opportunities). The two give different types of information—the former about the things a person does and the latter about the things a person is *substantively* free to do. Both versions of the capability approach have been used in the literature, and sometimes they have been combined.⁴⁵

According to a well-established tradition in economics, the real value of a set of options lies in the best use that can be made of them, and—given maximizing behavior and the absence of uncertainty—the use that is *actually* made. The use value of the opportunity, then, lies derivatively on the value of one element of it (to wit, the best option or the actually chosen option).⁴⁶ In this case, the focusing on a *chosen functioning vector* coincides with concentration on the *capability set*, since the latter is judged, ultimately, by the former.

The freedom reflected in the capability set can be used in other ways as well, since the value of a set need not invariably be identified with the value of the best—or the chosen—element of it. It is possible to attach importance to having opportunities that are *not* taken up. This is a natural direction to go if the *process* through which outcomes are generated has significance of its own.⁴⁷ Indeed, “choosing” itself can be seen as a valuable functioning, and having an *x* when there is no alternative may be sensibly distinguished from choosing *x* when substantial alternatives exist.⁴⁸ Fasting is not the same thing as being forced to starve. Having the option of eating makes fasting what it is, to wit, choosing not to eat when one could have eaten.

WEIGHTS, VALUATIONS AND SOCIAL CHOICE

Individual functionings can lend themselves to easier interpersonal comparison than comparisons of utilities (or happiness, pleasures or desires). Also, many of the relevant functionings—typically the non-mental characteristics—can be seen distinctly from their mental assessment (not subsumed in “mental adjustment”). The variability in the conversion of means into ends (or into freedom to pursue ends) is already reflected in the extents of those achievements and freedoms that may figure in the list of ends. These are advantages in using the capability perspective for evaluation and assessment.

However, interpersonal comparisons of *overall* advantages also require “aggregation” over heterogeneous components. The capability perspective is inescapably pluralist. First, there are different functionings, some more important than others. Second, there is the issue of what weight to attach to substantive freedom (the capability set) vis-à-vis the actual achievement (the chosen functioning vector).

Finally, since it is not claimed that the capability perspective exhausts all relevant concerns for evaluative purposes (we might, for example, attach importance to rules and procedures and not just to freedoms and outcomes), there is the underlying issue of how much weight should be placed on the capabilities, compared with any other relevant consideration.⁴⁹

Is this plurality an embarrassment for advocacy of the capability perspective for evaluative purposes? Quite the contrary. To insist that there should be only one homogeneous magnitude that we value is to reduce drastically the range of our evaluative reasoning. It is not, for example, to the credit of classical utilitarianism that it values only pleasure, without taking any direct interest in freedom, rights, creativity or actual living conditions. To insist on the mechanical comfort of having just one homogeneous “good thing” would be to deny our humanity as reasoning creatures. It is like seeking to make the life of the chef easier by finding something which—and which *alone*—we all like (such as smoked salmon, or perhaps even french fries), or some one quality which we must all try to maximize (such as the saltiness of the food).

Heterogeneity of factors that influence individual advantage is a pervasive feature of actual evaluation. While we can decide to close our eyes to this issue by simply *assuming* that there is some one homogeneous thing (such as “income” or “utility”) in terms of which everyone’s overall advantage can be judged and interpersonally compared (and that variations of needs, personal circumstances and so on can be assumed away), this does not resolve the problem but only evades it. Preference fulfillment may have some obvious attraction in dealing with one person’s individual needs, but (as was discussed earlier) it does little, on its own, for interpersonal comparisons, central to any social evaluation. Even when each person’s preference is taken to be the ultimate arbiter of the well-being for that person, even when everything other than well-being (such as freedom) is ignored, and even when—to take a very special case—everyone has the *same* demand function or preference map, the comparison of market valuations of commodity bundles (or their relative placement on a shared system-of-indifference map in the commodity space) tells us little about interpersonal comparisons.

In evaluative traditions involving fuller specification, considerable

heterogeneity is explicitly admitted. For example, in Rawlsian analysis primary goods are taken to be constitutively diverse (including "rights, liberties and opportunities, income and wealth, and the social basis of self-respect"), and Rawls deals with them through an overall "index" of primary goods holdings.⁵⁰ While a similar exercise of judging over a space with heterogeneity is involved both in the Rawlsian approach and in the use of functionings, the former is informationally poorer, for reasons discussed already, because of the parametric variation of resources and primary goods vis-à-vis the opportunity to achieve high quality of living.

The problem of valuation is not, however, one of an all-or-nothing kind. Some judgments, with incomplete reach, follow immediately from the specification of a focal space. When some functionings are selected as significant, such a focal space is specified, and the relation of dominance itself leads to a "partial ordering" over the alternative states of affairs. If person i has more of a significant functioning than person j , and at least as much of all such functionings, then i clearly has a higher valued functioning vector than j has. This partial ordering can be "extended" by further specifying the possible weights. A unique set of weights will, of course, be *sufficient* to generate a *complete* order, but it is typically not necessary. Given a "range" of weights on which there is agreement (that is, when it is agreed that the weights are to be chosen from a specified range, even without any agreement as to the exact point on that range), there will be a partial ordering based on the intersection of rankings. This partial ordering will get systematically extended as the range is made more and more narrow. Somewhere in the process of narrowing the range—possibly well before the weights are unique—the partial ordering will become complete.⁵¹

It is of course crucial to ask, in any evaluative exercise of this kind, how the weights are to be selected. This judgmental exercise can be resolved only through reasoned evaluation. For a particular person, who is making his or her own judgments, the selection of weights will require reflection, rather than any interpersonal agreement (or consensus). However, in arriving at an "agreed" range for *social evaluation* (for example, in social studies of poverty), there has to be some kind of a reasoned "consensus" on weights, or at least on a range of weights. This is a "social choice" exercise, and it requires

public discussion and a democratic understanding and acceptance.⁵² It is not a special problem that is associated only with the use of the functioning space.

There is an interesting choice here between "technocracy" and "democracy" in the selection of weights, which may be worth discussing a little. A choice procedure that relies on a democratic search for agreement or a consensus can be extremely messy, and many technocrats are sufficiently disgusted by its messiness to pine for some wonderful formula that would simply give us ready-made weights that are "just right." However, no such magic formula does, of course, exist, since the issue of weighting is one of valuation and judgment, and not one of some impersonal technology.

We are not prevented, by any means, from proposing that some particular formula—rather than any alternative formula—be used for aggregation, but in this inescapably social-choice exercise its status must depend on its acceptability to others. There is nevertheless a harkening after some "obviously correct" formula to which reasonable people cannot object. A good example comes from T. N. Srinivasan's forceful critique of the capability approach (and its partial use in UNDP's *Human Development Reports*), where he worries about the "varying importance of different capabilities" and proposes the rejection of this approach in favor of the advantage of "the real-income framework" which "includes an operational metric for weighting commodities—the metric of exchange value."⁵³ How convincing is this critique? There is certainly some metric in market valuation, but what does it tell us?

As was already discussed, the "operational metric" of exchange value does not give us interpersonal comparisons of utility levels, since such comparisons cannot be deduced from choice behavior. There has been some confusion on this subject because of mistreading the tradition of consumption theory—sensible within its context—of taking utility to be simply the numerical representation of a given person's choice. That is a useful way to define utility for the analysis of consumption behavior of each person taken separately, but it does not, on its own, offer any procedure whatever for substantive interpersonal comparison. Paul Samuelson's elementary point that it was "not necessary to make interpersonal comparisons of utility in describing exchange,"⁵⁴ is the other side of the same coin: nothing

about interpersonal comparison of utility is learned from observing "the metric of exchange value."

As noted earlier, this difficulty is present even when everyone has the same demand function. It is intensified when the individual demand functions differ, in which case even comparisons of the commodity basis of utility are problematic. There is nothing in the methodology of demand analysis, including the theory of revealed preference, that permits any reading of interpersonal comparisons of utilities or welfares from observed choices of commodity holdings, and thus from real-income comparisons.

In fact, given interpersonal diversity, related to such factors as age, gender, inborn talents, disabilities and illnesses, the commodity holdings can actually tell us rather little about the nature of the lives that the respective people can lead. Real incomes can, thus, be rather poor indicators of important components of well-being and quality of life that people have reason to value. More generally, the need for *evaluative* judgments is inescapable in comparing individual well-being, or quality of life. Furthermore, anyone who values public scrutiny must be under some obligation to make clear that a judgment *is* being made in using real incomes for this purpose and that the weights implicitly used must be subjected to evaluative scrutiny. In this context, the fact that market-price-based evaluation of utility from commodity bundles gives the misleading impression—at least to some—that an already available "operational metric" has been *preslected for evaluative use* is a limitation rather than an asset. If informed scrutiny by the public is central to any such social evaluation (as I believe is the case), the implicit values have to be made more explicit, rather than being shielded from scrutiny on the spurious ground that they are part of an "already available" metric that the society can immediately use without further ado.

Since the preference for market-price-based evaluation is quite strong among many economists, it is also important to point out that all variables other than commodity holdings (important matters such as morality, morbidity, education, liberties and recognized rights) get—implicitly—a zero direct weight in evaluations based exclusively on the real-income approach. They can get some *indirect* weight only if—and only to the extent that—they enlarge real incomes and commodity holdings. The confounding of welfare comparison with real-income comparison exacts a heavy price.

There is thus a strong methodological case for emphasizing the need to assign explicitly evaluative weights to different components of quality of life (or of well-being) and then to place the chosen weights for open public discussion and critical scrutiny. In any choice of criteria for evaluative purposes, there would not only be use of value judgments, but also, quite often, use of some judgments on which full agreement would not exist. This is inescapable in a social-choice exercise of this kind.⁵⁵ The real issue is whether we can use some criteria that would have greater public support, for evaluative purposes, than the crude indicators often recommended on allegedly technological grounds, such as real-income measures. This is central for the evaluative basis of public policy.

CAPABILITY INFORMATION: ALTERNATIVE USES

The capability perspective can be used in rather distinct ways. The question as to which practical *strategy* to use for evaluating public policy has to be distinguished from the *foundational* issue as to how individual advantages are best judged and interpersonal comparisons most sensibly made. At the foundational level, the capability perspective has some obvious merits (for reasons already discussed) compared with concentrating on such instrumental variables as income. This does not, however, entail that the most fruitful focus of *practical* attention would invariably be measures of capabilities.

Some capabilities are harder to measure than others, and attempts at putting them on a "metric" may sometimes hide more than they reveal. Quite often income levels—with possible corrections for price differences and variations of individual or group circumstances—can be a very useful way of getting started in practical appraisal. The need for pragmatism is quite strong in using the motivation underlying the capability perspective for the use of available data for practical evaluation and policy analysis.

Three alternative practical approaches may be considered in giving practical shape to the foundational concern.⁵⁶

1) *The direct approach*: This general approach takes the form of directly examining what can be said about respective advantages by examining and comparing vectors of functionalities or capabilities. In many ways, this is the most immediate and full-blooded way of

going about incorporating capability considerations in evaluation. It can, however, be used in different forms. The variants include the following:

1.1) "total comparison," involving the ranking of all such vectors vis-à-vis each other in terms of poverty or inequality (or whatever the subject matter is);

1.2) "partial ranking," involving the ranking of some vectors vis-à-vis others, but not demanding completeness of the evaluative ranking;

1.3) "distinguished capability comparison," involving the comparison of some particular capability chosen as the focus, without looking for completeness of coverage.

Obviously, "total comparison" is the most ambitious of the three—often much too ambitious. We can go in that direction—maybe quite far—by not insisting on a complete ranking of all the alternatives. Examples of "distinguished capability comparison" can be seen in concentrated attention being paid to some particular capability variable, such as employment, or longevity, or literacy, or nutrition.

It is possible, of course, to go from a set of separate comparisons of distinguished capabilities to an aggregated ranking of the sets of capabilities. This is where the crucial role of weights would come in, bridging the gap between "distinguished capability comparisons" and "partial rankings" (or even "total comparisons").⁵⁷ But it is important to emphasize that despite the incomplete coverage that distinguished capability comparisons provide, such comparisons can be quite illuminating, even on their own, in evaluative exercises. There will be an opportunity to illustrate this issue in the next chapter.

2) *The supplementary approach*: A second approach is relatively nonradical, and involves continued use of traditional procedures of interpersonal comparisons in income spaces, but supplements them by capability considerations (often in rather informal ways). For practical purposes, some broadening of the informational base can be achieved through this route. The supplementation may focus either on direct comparisons of functionings themselves, or on instrumental variables other than income that are expected to influence the determination of capabilities. Such factors as the availability and reach of health care, evidence of gender bias in family allocation, and the prevalence and magnitude of joblessness can add to the par-

tial illumination provided by the traditional measures in the income space. Such extensions can enrich the overall understanding of problems of inequality and poverty by adding to what gets known through measures of income inequality and income poverty. Essentially, this involves using "distinguished capability comparison" as a supplementary device.⁵⁸

3) *The indirect approach*: A third line of approach is more ambitious than the supplementary approach but remains focused on the familiar space of incomes, appropriately *adjusted*. Information on determinants of capabilities *other than income* can be used to calculate "adjusted incomes." For example, family income levels may be adjusted downward by illiteracy and upward by high levels of education, and so on, to make them equivalent in terms of capability achievement. This procedure relates to the general literature on "equivalence scales." It also connects with the research on analyzing family expenditure patterns for indirectly assessing causal influences that may not be observed directly (such as the presence or absence of certain types of sex bias within the family).⁵⁹

The advantage of this approach lies in the fact that income is a familiar concept and often allows stricter measurement (than, say, overall "indices" of capabilities). This may permit more articulation and perhaps easier interpretation. The motivation for choosing the "metric" of income in this case is similar to A. B. Atkinson's choice of the income space to measure the effects of income inequality (in his calculation of "equally distributed equivalent income"), rather than the utility space, as was originally proposed by Hugh Dalton.⁶⁰ Inequality can be seen in Dalton's approach in terms of utility loss from disparity, and the shift that Atkinson brought in involved assessing the loss from inequality in terms of "equivalent income."

The "metric" issue is not negligible, and the indirect approach does have some advantages. It is, however, necessary to recognize that it is not any "simpler" than direct assessment. First, in assessing the values of equivalent income, we have to consider how income influences the relevant capabilities, since the conversion rates have to be parasitic on the underlying motivation of capability evaluation. Furthermore, all the issues of trade-offs between different capabilities (and those of relative weights) have to be faced in the indirect approach just as much as in the direct approach, since all that is essentially altered is the unit of expression. In this sense the indirect

approach is not basically different from the direct approach in terms of the judgments that have to be made to get appropriate measures in the space of equivalent incomes.

Second, it is important to distinguish between income as a *unit* in which to measure inequality and income as the *vehicle* of inequality reduction. Even if inequality in capabilities is well measured in terms of equivalent incomes, it does not follow that transferring income would be the best way to counteract the observed inequality. The policy question of compensation or redress raises other issues (effectiveness in altering capability disparities, the respective force of incentive effects and so on), and the easy "reading" of income gaps must not be taken as a suggestion that corresponding income transfers would remedy the disparities most effectively. There is, of course, no need to fall into this mistaken reading of equivalent incomes, but the clarity and immediacy of the income space may pose that temptation, which has to be explicitly resisted.

Third, even though the income space has greater measurability and articulation, the actual magnitudes can be very misleading in terms of the values involved. Consider, for example, the possibility that as the level of income is reduced and a person starts to starve, there may be a sharp drop at some point in the person's chances of survival. Even though the "distance" in the space of incomes between two alternative values may be rather little (measured entirely in terms of income), if the consequence of such a shift is a dramatic change in the chances of survival, then the impact of that small income change can be very large in the space of what really matters (in this case the capability to survive). It may thus be deceptive to think of the difference as being really "little" because the income difference is small. Indeed, since income remains only instrumentally important, we cannot know how significant the income gaps are without actually considering the *consequences* of the income gaps in the space that is ultimately important. If a battle is lost for want of a nail (through a chain of causal connections that the old verse outlines), then that nail made a *big* difference, no matter how trivial it may be in the space of incomes or expenditures.

Each of these approaches has contingent merit that may vary depending on the nature of the exercise, the availability of informa-

tion, and the urgency of the decisions that have to be taken. Since the capability perspective is sometimes interpreted in terribly exacting terms (total comparisons under the direct approach), it is important to emphasize the catholicity that the approach has. The foundational affirmation of the importance of capabilities can go with various strategies of actual evaluation involving practical compromises. The pragmatic nature of practical reason demands this.

CONCLUDING REMARKS

Euclid is supposed to have told Ptolemy: "There is no 'royal road' to geometry." It is not clear that there is any royal road to evaluation of economic or social policies either. A variety of considerations that call for attention are involved, and evaluations have to be done with sensitivity to these concerns. Much of the debate on the alternative approaches to evaluation relates to the priorities in deciding on what should be at the core of our normative concern.

It has been argued here that the priorities that are accepted, often implicitly, in the different approaches to ethics, welfare economics, and political philosophy can be brought out and analyzed through identifying the information on which the evaluative judgments rely in the respective approaches. This chapter was concerned particularly with showing how these "informational bases" work, and how the different ethical and evaluative systems use quite different informational bases.

From that general issue, the analysis presented in this chapter moved to specific evaluative approaches, in particular utilitarianism, libertarianism and Rawlsian justice. In line with the view that there are indeed no royal roads to evaluation, it emerged that there are distinct merits in each of these well-established strategies, but that each also suffers from significant limitations.

The constructive part of this chapter proceeded to examine the implications of focusing directly on the substantive freedoms of the individuals involved, and identified a general approach that concentrates on the capabilities of people to do things—and the freedom to lead lives—that they have reason to value. I have discussed this approach elsewhere as well,⁶¹ as have others, and its advantages and limitations are also reasonably clear. It does appear that not only is

this approach able to take direct note of the importance of freedom, it can also pay substantial attention to the underlying motivations that contribute to the relevance of the other approaches. In particular, the freedom-based perspective can take note of, *inter alia*, utilitarianism's interest in human well-being, libertarianism's involvement with processes of choice and the freedom to act and Rawlsian theory's focus on individual liberty and on the resources needed for substantive freedoms. In this sense the capability approach has a breadth and sensitivity that give it a very extensive reach, allowing evaluative attention to be paid to a variety of important concerns, some of which are ignored, one way or another, in the alternative approaches. This extensive reach is possible because the freedoms of persons can be judged through explicit reference to outcomes and processes that they have reason to value and seek.⁶²

Different ways of using this freedom-based perspective were also discussed, resisting in particular the idea that the use must take an all-or-none form. In many practical problems, the possibility of using an explicitly freedom-based approach may be relatively limited. Yet even there it is possible to make use of the insights and informational interests involved in a freedom-based approach—without insisting on ignoring other procedures when they can be, within particular contexts, sensibly utilized. The analysis that follows builds on these understandings, in an attempt to throw light on underdevelopment (seen broadly in the form of unfreedom) and development (seen as a process of removing unfreedoms and of extending the substantive freedoms of different types that people have reason to value). A general approach can be used in many different ways, depending on the context and on the information that is available. It is this combination of foundational analysis and pragmatic use that gives the capability approach its extensive reach.