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Development and freedom

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Keywords *Development, Freedom, Welfare, Creative thinking*

Abstract *This paper is an attempt to understand how Amartya Sen's thinking on development and freedom has evolved from his critique of welfare economics and his concern with underdevelopment and poverty. It is argued that Sen has done a great deal to rescue welfare economics from the consequences of methodological individualism by seeking an objective basis for comparisons of well-being, by insisting on the need for interpersonal comparability and by creating a space for normative evaluations. Sen's contribution to the human development approach with its emphasis on positive freedom has also helped to provide a valuable counterweight to the dominant free market approach. However, some concerns are expressed that the approach does not give sufficient attention to long-run dynamics and that the conception of capability employed is not helpful for the understanding of development*

Introduction

In *Development as Freedom*, published in 1999, Amartya Sen argues that development should be seen as a process of expanding the real freedoms that people enjoy. He contrasts this broad view of development with the "widely prevalent concentration on the expansion of real income and on economic growth as the characteristics of successful development" (Sen, 1990, p. 41). Sen does not object to economic prosperity being seen as a major goal of planning and policy-making but to the failure to recognize that it is just an intermediate goal the importance of which is contingent on what it contributes to human lives (Sen, 1990, p. 42). Sen acknowledges that the treatment of economic prosperity as a primary rather than intermediate goal would not matter a great deal if there was something like a one-to-one correspondence between the achievement of economic prosperity and the enrichment of peoples lives. This, he argues, is not the case. Countries with high per capita incomes can have astonishingly low achievements in the quality of life while counties with relatively low per capita incomes can perform well on various wellbeing indicators.

Sen regards the expansion of freedom not only as the primary end of development but also its principal means. This he holds to be the case regardless of whether development is narrowly conceived in terms of economic progress or more broadly in terms of the enlargement of human freedom in general. This instrumental effectiveness of freedom is attributed to the fact that freedom of one type may greatly help in advancing freedom of other type (Sen, 1999, p. 38). In this context, Sen draws attention to the contribution of the growth of social opportunity in the form of widespread access to education to the development of Japan, Korea and Taiwan. He also attributes the recent



success of the Chinese economy relative to that of India to the greater social preparedness of the former arising from its commitment to universal access to basic health and education. While he acknowledges that economic growth can facilitate improvements in various measures of well being, Sen argues that the connection is not automatic. Here, he contrasts Korea and Taiwan where high growth has been accompanied by improvements in the length and quality of life with Brazil where this has not been the case. He also notes that improvements in the length and quality of life are not necessarily growth mediated. Countries such as Sri Lanka and provinces such as Kerala in India have achieved significant improvements in the length and quality of life despite mediocre growth performance. While such experiences indicate that countries do not have to be rich to improve the social life of their citizens, Sen acknowledges that growth mediated enhancement is more likely to be sustainable over time (Sen, 1999, p. 48).

Since growth is important for the sustainability of improvements in length and quality of life even if it does not automatically lead to them, there is a case for arguing that, when all is said and done, there is no substantial difference between the traditional analysis focusing on growth and the sort of analysis advocated by Sen. Sen's own view is that differences arise in respect of two aspects: process and opportunity. With regard to the process aspect, Sen argues that participative forms of decision making should be valued in their own right as an end of development whereas, in the growth approach, participation is valuable only insofar as it contributes positively to growth. With regard to the opportunity aspect, Sen argues that in pursuing the view of development as freedom, "we have to examine-in addition to the freedoms involved in political, social and economic processes-the extent to which people have the opportunity to achieve outcomes that they value and have reason to value" (Sen, 1999, p. 291). Sen accepts that income levels are an important factor affecting living standards but he argues that some opportunities that people value (e.g. long life, worthwhile employment, peaceful neighbourhoods) are not strictly linked with economic prosperity.

While the emergence of freedom as an explicit theme in Sen's work is a 1990s development (Desai, 2001, p. 221), the view that freedom is the end of development is not in itself new in development economics. In 1955, Arthur Lewis argued that: "The case for economic growth is that it gives man greater control over his environment, and thereby increases his freedom"[1]. Lewis, however, was concerned to insist that while positive measures to raise the standard of living in the colonies should have high priority, it was necessary to distinguish between social welfare and development (Arndt, 1989, p. 29). In the late 1960s and early 1970s, scepticism about the extent to which the benefits of growth trickled down to the poor led several leading development economists to argue for a redefinition of development in terms of the elimination of malnutrition, disease, illiteracy and so forth[2]. In an article in the *American*

Economic Review, Irma Adelman argued that “the proper long-term goal of national development policy must be the successive relaxation of the systematic obstacles to the full realization of the human potential of its members” (Adelman, 1975, p. 306).

Sen has acknowledged the extensive literature within development economics which has aired concerns with strong similarities to his own[3]. While such literature was influential within its own sphere, Sen has noted that it was typically ignored by the wider economics profession. According to Sen, there were two reasons for this. First, there was “the concern of welfare theory that proposals should not just appeal to intuitions but also be structured and founded” (Sen, 1990, p. 46). Second, there was the problem that the dominance of utility based approaches within welfare economics acted as a barrier to the acceptance of ideas that could not be accommodated readily within this conceptual schema. In order to overcome these difficulties, it was necessary to compare and contrast the foundational features underlying the concern with quality of life, basic needs etc. with the informational foundations of more traditional approaches.

This identification of his own unique contribution to the human development approach as the dual one of demonstrating the inadequacy of the dominant utility based approaches and of providing the necessary foundations for an alternative, provides the starting point for the present paper. The next section examines Sen’s critique of the utility based approach to human welfare. This is followed by a critique of Sen’s proposed alternative based on capabilities and functionings. A final section attempts to assess the importance of Sen’s contribution focusing, in particular, on its value as a theory of development.

Welfare, utility and all that

Utilitarianism has been the dominant ethical theory for a considerable period of time. In the early eighteenth century, John Brown responded to Bernard Mandeville’s assertion that there was no more certainty in morals than in fashion by proposing the “great end of public happiness. . . as the one, uniform circumstance that constitutes the rectitude of human actions” (Kaye, 1924, p. 415). Towards the end of the same century, Jeremy Bentham defined the principle of utility as “that principle which approves or disapproves of every action whatsoever, according to the tendency which it appears to have to augment or diminish the happiness of the party whose interest is in question” (Bentham, 1823, p. I.I). Where the party in question was a community, its’ interest could be defined as the sum of the interests of all the individuals from which it was constituted (Bentham, 1823, I.IV,V). Bentham recognised that there were problems associated with summing the happiness of individuals because “one man’s happiness will never be another man’s happiness” (Stigler, 1968, p. 69). However, he saw little hope of resolving this problem and insisted

that, however fictitious it might appear, the assumption that the happiness of individuals could be added was “a postulatam without the allowance of which all political reasoning was at a stand”(Stigler, 1968, p. 59).

Following the marginal revolution in economics, the role of the concept of utility was much enlarged and became much more central to economic theory. This naturally led to greater attention being given to its meaning and its measurement. Reflection on the meaning of utility resulted in recognition that the word utility was being used in two quite different senses. In price theory, it was used to denote the capacity to satisfy the desires of individuals whether legitimate or not. In welfare theory, the word had the connotation of socially useful. Recognition of this distinction led Pareto to propose that the term “*ophelimity*” be used to denote desire fulfilment with the term utility being reserved to refer to the socially useful (Cooter and Rappoport, 1984, p. 515). Pigou (1952, p. 23) likewise noted that the term utility was used to cover both intensity of desire and satisfaction and suggested that the term “*desirability*” was more appropriate in the former case. Irving Fisher (1918, pp. 335-337) recognised the merits of the term “*desirability*” but was concerned that the term carried with it an ethical connotation which was best avoided. His own solution was to use the term “*wants*” and “*wantability*” a unit of which he proposed to call a “*wantab*”.

Since “*desirability*” or “*wantability*” were recognised as being subjective phenomena, interpersonal comparison and aggregation were problematic. Fisher and others soon recognised that interpersonal comparability of utility was not required to derive conditions for equilibrium in exchange. Things were different with regard to welfare where, as Pigou recognised, a large part of the subject is undermined if the satisfactions of different individuals cannot be compared (Pigou, 1952, p. 850).

Pigou’s solution to the problem of interpersonal comparability was to rely on representative agents[4] or to adopt Marshall’s strategy of reasoning in terms of broad averages[5].

Cooter and Rappoport (1984, p. 518) have argued that the validity of this procedure was enhanced by the fact that many of the economists concerned were interested primarily in “*material*”[6] or “*economic*” welfare. Pigou (1952, pp. 10-20) emphasised “*economic*” welfare which could be brought into relation with the measuring rod of money did not constitute the whole of welfare and could not serve as a barometer or index of it. There was no difficulty with this. What was a difficulty was that an economic cause might affect non-economic welfare in ways that cancelled its effect on economic welfare. In considering this possibility, Pigou drew attention to the fact that human beings were both “*ends in themselves*” and instruments of production. It was possible that an education system which concentrated on the needs of the economic system could neglect man’s spiritual ends. Likewise, changes in industrial organisation could affect not just productivity but working peoples’ control over their lives.

While recognising these possibilities, Pigou argued that, unless there was specific evidence to the contrary, it would be safe to assume that total welfare and economic welfare moved in the same direction and that whatever increased economic welfare also increased total welfare. This presumption was especially strong where experience suggested the non-economic effects were likely to be small.

Despite the best efforts of Pareto, Fisher and Pigou, the majority of economists in both the US and Europe identified utility with desire fulfilment and accepted the view that it was illegitimate to make interpersonal comparisons of utility (Scitovsky, 1951, pp. 304-5). In the new welfare economics which replaced the utilitarianism, social welfare was regarded as a function of the ordinally described personal utility levels of individuals. A social state x was regarded as superior to another state y if it met the Pareto criterion, that is, if everyone had at least as much utility in x as in y and someone had more utility. Social choice theory, as pioneered by Arrow, was also based on these conditions as were the welfare theorems associated with general equilibrium theory[7].

Sen (2002, p. 71) argues that the attempt to do welfare economics on the basis of the different persons' orderings of social states without any interpersonal comparisons and no role for non-utility information involved excessive narrowing of the information base. This narrowing, in effect, meant that the new procedures were analytically equivalent to the use of voting information for the purposes of social choice and hence subject to the consistency problems originally identified by Condorcet. Part of Sen's position is that this situation was not inevitable that the analogy with the paradox of voting arises because we have accepted informational exclusions that force us to make welfare judgements in an informational famine (Sen, 1982a, pp. 334-5). Sen also points to the fact that confronted with a range of possibility and impossibility results within the theory of social choice, attention should be given to the reach and reasonableness of the axioms in each case. For example, it is well known that certain restrictions on the domain of individual preferences will be sufficient to guarantee the consistency of majority voting. Sen points out that the extent to which such restrictions are met may depend on the degree of social cohesion and the consensus around particular issues. However, given the centrality of distributional issues involved in welfare economics, voting procedures are not likely to give rise to consistent results (Sen, 2002, pp. 75-76 and 331).

Sen has shown that the key to laying the foundations for a constructive welfare economics lies in the resuscitation of interpersonal comparability. The territory Sen explores lies between full comparability (which he attributes to Marshall) and non-comparability of Robbins. The basis for comparisons can be purely normative or it can be descriptive, e.g. based on behaviourism, introspective welfare comparisons or introspective as if choices (Sen, 1982a, pp. 203-225). Comparability can be comparability of units or levels or both.

Comparability need not be complete. Thus, Sen argues that while one might not be able to compare the mental states of Nero and individual Romans, it is still reasonable to suggest that the loss of utility to population of Rome exceed that which Nero gained from watching the city burn (Sen, 2002, p. 79). The same will often apply to the social decisions relevant to welfare economics.

While Sen has contributed substantially to the analytical issues relating to the rehabilitation of interpersonal comparability, his special contribution relates to the informational basis for interpersonal comparisons. As Sen notes, the formal structures of social welfare functions which were developed in the context of utility comparisons are by no means specific to them and could equally well focus on other forms of accounting of individual advantage which need not take the form of comparisons of mental states. One possible alternative would be to concentrate on basic needs much in the manner of the old “material welfare” school of welfare economics. Sen rejects this approach on the grounds that objects of value can scarcely be holdings of commodities (Sen, 1988, p. 47). Another possibility is to concentrate on holdings of “primary goods” as means of achievement rather than ends in themselves. This is the strategy adopted by John Rawls in his *Theory of Justice*. Rawls rejected desire or preference satisfaction as the basis of a theory of justice and proposed that what should be equalised was access to primary social goods. These were general purpose means including rights, liberties, opportunities, income and wealth and the social bases of self-respect. Rawls’ emphasis on means rather than on ends is intended to allow for the fact that people may have different ends and should have the freedom to pursue these. While appreciating the broadening of informational focus involved in Rawls’ approach, Sen argues that the approach is inadequate if the object is to concentrate on the individual’s real opportunity to pursue his objectives. This is because the individual’s ability to pursue his objectives depends not only on his access to primary goods but also on the personal characteristics that govern the conversion of primary goods into ability to promote a person’s ends (Sen, 1997a, p. 198). Thus, a disabled person with access to the same basket of primary social goods as an able-bodied person is likely to have much lower ability to promote his ends. Consequently, Sen argues we should focus not on goods as such but on the functionings the person is able to achieve. Sen also notes that, even with the same conversion rates, different ends require different amounts of primary goods for their achievement (Sen, 1988, p. 48).

Functionings and capabilities

Sen’s exposition of his capability perspective starts from the position that living may be seen as a set of interrelated functionings, consisting of beings and doings (Sen, 1992, p. 39). The relevant functionings include such things as: being adequately nourished, being in good health, avoiding premature mortality, being happy, having self-respect, taking part in the life of the

community and so on. Sen (1992, p. 40) argues that functionings are constitutive of a person's being and that any assessment of well-being has to take the form of an evaluation of these constituent elements. Such an assessment can be based either "on realized functionings (what a person is actually doing) or the set of alternatives she has (her real opportunities)" (Sen, 1997a, b). The set of feasible alternative functionings is called the capability set. While a person's well-being clearly depends on the functionings actually achieved, the capability set can be regarded as constituting the person's freedom to have well-being (Sen, 1992, p. 40).

Sen (1992, pp. 50-1) argues that, if freedom had instrumental importance but no intrinsic value, it would be appropriate to identify the value of the capability set with the value of the chosen functioning. If, however, freedom is regarded as important in itself, there is, he argues, "some real advantage in being able to relate the analysis of achieved well-being to the wider informational base of the person's capability set, rather than just on the selected element of it" (Sen, 1992, p. 52). In practice, however, this advantage would often have to be foregone given the difficulty of obtaining information on the capability set rather than the observed functionings. This, Sen suggests, is obviously more of a problem when the capability set is being used to assess freedom rather than the actual well-being attained (Sen, 1992, p. 53).

Positive and negative freedom

Before we attempt to evaluate the concepts of functioning, capability and freedom as employed by Sen, it will be useful to examine some of the different conceptions of liberty on which Sen's work builds. In his essay "Two Concepts of Liberty", Isaiah Berlin distinguished between two concepts of liberty: a negative view in which freedom consists in "not being prevented from choosing as I do by other men" and a positive view in which freedom consists in being one's own master (Berlin, 1969, p. 131). The negative view of liberty has a long tradition going back to Hobbes and Locke. In the twentieth century, it has been associated among others with Hayek, Nozick and to a lesser extent Rawls. The positive view of liberty as effective power to do specific things has links with Hegelian and Marxian traditions and with liberal political philosophy in the US (Crocker, 1980, p. 9; Hayek, 1960, p. 17). Sen recognises the affinity of his work on capabilities with the positive liberty tradition and indeed argues that "the natural interpretation of the traditional view of positive freedoms is in terms of capability to function" (Sen, 1997a, 1997b). Sen's interest in positive freedom should not lead us to believe that he regards negative freedom as unimportant. In fact, his position is that both positive and negative freedoms can be valued simultaneously (Sen, 2002, pp. 11-12; Sen, 1984, pp. 203-221).

Proponents of negative freedom see freedom as being able to do as one pleases without interference from others regardless of the content of one's desires. If we are thinking in terms of individuals in society rather than isolated

individuals, it is possible that my pursuit of my goals may interfere with another person's pursuit of his goals. It is, therefore, necessary that each person's freedom is limited in such a way that it can co-exist with every other person's freedom. This Kantian restriction is often identified with (though not exhausted by) the concept of freedom under the law. The free person is not totally free from coercion but his coercion can be reduced to that minimum necessary to prevent individuals and groups from arbitrarily coercing others (Hayek, 1978, p. 133). A state which does more than this violates peoples' rights and cannot be justified (Nozick, 1974, p. 149). Justice requires that people be treated equally under the law with the same formal rules applying to all. Justice does not, however, require equality of outcomes. The justice of a distribution depends on the process by which it arises not on the pattern that it exhibits.

Sen (1982b, pp. 3-39) points out that rights may be viewed from two different perspectives: the instrumental view and the constraint-based deontological view. On the instrumental view, rights are not valuable in themselves but derive their value from their contribution to other right-independent goals. Many free-market economists adopt this perspective and argue for market-oriented systems on the basis of their alleged superior performance in terms of various economic indicators. Others have argued that it is a mistake to claim that the ultimate justification of liberty is that it works (Robbins, 1976, pp. 173-4). The case for liberty is not necessarily that it leads to actions which are good in themselves but that liberty itself is intrinsically valuable (Robbins, 1976, pp. 173-4). Liberty should not be violated even if such a violation would lead to a better state of affairs because violating moral rights is simply wrong (Nozick, 1974, p. xi). This position implies that rights set the constraints within which a social choice can be made (Sen, 1982b, p. 5). Sen takes the view that giving such uncompromising priority to rights is unjustified. Why, he asks, should the status of intense economic needs, which can be matters of life and death, be lower than personal liberties? (Sen, 1999, p. 64).

Sen argues that both the welfarist instrumental approach and the constraint-based deontological approach to liberty are inadequate. Their common failing is their denial that realization and failure of rights should enter into the evaluation of states of affairs and be used for consequential analysis of actions (Sen, 1982b, p. 6). In Nozick's approach, rights acting as constraints rule out certain alternatives but they do not determine a social ordering. In the welfarist approach, rights are valued only for their consequences in terms of right-independent goals. Sen's alternative which he calls a "goal rights system" requires that the fulfilment or otherwise of rights be included among the goals, incorporated in the evaluation of states of affairs and then applied to the choice of actions through consequential links (Sen, 1982b, p. 15).

While the negative view of freedom emphasises the absence of external physical or legal obstacles to the pursuit of the individual's desired ends, the positive view emphasises the presence of control on the part of the agent.

According to the positive view, we cannot reasonably be described as free unless we have the capacity to achieve our goals. In Berlin's exposition, the negative view of freedom relates to the presence or absence of external obstacles while the positive view focuses on internal factors affecting the degree to which individuals or groups act autonomously (Carter, 2003). However, it has been argued that linking positive freedom to internal factors is unnecessarily restrictive because, in many cases, external factors may affect the ability to do things no one specifically prevents us from doing[8]. Sen's own proposal is that it is more useful to see positive freedom as the person's ability to do things taking everything into account (Sen, 2002, p. 586).

While Berlin regarded positive and negative liberty as rival incompatible interpretations of a single political ideal (Carter, 2003), other theorists have seen liberty as embracing elements of both aspects. Thus, Locke felt it necessary to distinguish between liberty and license and J.S. Mill was willing to argue both for compulsory education and laws to forbid marriage in the absence of the resources necessary to bring up children. More recently (1967), MacCallum has argued that there is only one basic concept of freedom which is best defined by means of a triadic relation between an agent, certain preventing conditions and certain doings or becomings of the agent. For those in Berlin's negative camp, agents are individuals, restraints are external and purposes are anything the individual's heart desires. For those in the positive camp, agents can be groups or collectivities, the set of relevant obstacles can be internal or external while a narrower view is taken of the purposes one can be free to fulfil (Carter, 2003). This triadic framework is clearly a useful integrative and classificatory device and Carter has used it as the basis of a critique of the concept of freedom in Sen (Carter, 1996). However, as Carter (2003) notes, the triadic framework fails to capture some notions of freedom, for example, the notion of self-direction implied in the exercise concept of freedom associated with Charles Taylor. According to Taylor (1979, p. 213), positive freedom involves "exercising control over one's life". By contrast, Taylor sees negative freedom as an opportunity concept, where being free is a matter of what is open to us to do regardless of whether or not we do anything to exercise these options.

It was noted above that proponents of negative views of freedom see freedom in terms of being able to pursue one's own ends regardless of what these ends are. On the other hand, given the emphasis on being one's own master in the positive view of freedom, it is natural to think of the individual as being free when he acts rationally and is not a slave to his passions and desires. A problem with this conception is that it implies that action by paternalistic or authoritarian governments to force people to act in certain ways could be construed as being compatible with freedom. To overcome this difficulty, some modern commentators have suggested that the positive view of freedom is not concerned with the content of the individual's desires but the method by which they are formed. On this view, an individual would be regarded as free if his

desires were formed as a result of rational reflection and unfree if his desires are the result of ignorance, manipulation or oppression (Carter, 2003). In his discussions of agency freedom, Sen follows the proponents of negative liberty in allowing that it is up to the agent to decide what it is he wants achieve. This is intended to mean not that a person's agency has no need for (Sen 1984, p. 204), but rather that the person himself is to be, the judge. Elsewhere, Sen claims that rationality as the use of reasoned scrutiny is central to any concept of freedom but he takes pains to point to the necessity for considerable latitude in the types of reasons a person may entertain (Sen, 2002, pp. 49-50).

While Sen makes extensive reference to the positive and negative views of freedom, he also introduces classifications of his own. One classification involves the distinction between well-being freedom and agency freedom. For Sen, the concept of well-being freedom is just a particular aspect of the broader concept of freedom (Sen, 1985, p. 203). Well-being freedom is freedom to pursue well-being but agency freedom is freedom to pursue other goals including some that may impinge negatively on well-being freedom (Sen, 1985, p. 206-7). Consequently, Sen argues even though agency freedom is the broader concept, it cannot subsume the concept of well-being freedom (Sen, 1985, p. 207). Insofar as a person's advantage commands attention in moral accounting, the well-being aspect of the person has to be directly considered. In this perspective, the person is seen as a beneficiary whose interests and advantages have to be considered whereas in the agency perspective, a person is seen as a doer and a judge (Sen, 1985, p. 208). The other classification more recently employed by Sen involves a distinction between the opportunity and the process aspects of freedom. The opportunity aspect relates to the opportunity to achieve things we have reason to value. The process aspect relates to the importance attached to the process of autonomous choice and immunity from interference by others (Sen, 2002, pp. 506-11). Broadly speaking, the opportunity aspect of freedom relates to positive freedom and the process aspect to negative. This identification of opportunity and positive freedom can be contrasted with the position of Taylor who, as noted above, sees negative freedom as the opportunity concept.

Functionings or capabilities?

A person's functionings matter because they are his life (Cohen, 1994, p. 119). Examining a person's functionings, appears to provide a way of objectively describing how a person is doing which is free from the drawbacks of looking at the person's utility or his stock of resources as in Rawls. This is not to say that examining a person's functionings is a straightforward matter. There is the issue of determining the dimensions of functioning^[9] and, even if the dimensions are agreed, there is the problem of how the level of each functioning is to be calibrated (Basu, 1987, p. 72). Further, if some overall measure of

functioning is required or if comparisons are to be conducted, there is the issue of how much weight should be given to each element (Sugden, 1993, pp. 1952-3).

As noted above, Sen suggests that we should be interested not just in a person's realised functionings but also in his capability set: the set of functionings available to each individual from which he makes his choice. Capability clearly matters instrumentally in the sense that we can only achieve a desired level of functioning if we have the capacity to do so. However, when we think about capability in this way, we normally think in terms of the person's physical and mental abilities, his skills, qualifications and experience. It is also meaningful to differentiate between what a person achieves and what he might have achieved had he been more industrious, more entrepreneurial, less short-termist or if circumstances had been different. When we think about capability in this way, it makes sense to talk about options forgone but it is necessary to bear in mind that different options may have been forgone for different reasons. Although Sen's distinction between functionings and capabilities may be useful in answering such questions, these are not what he is interested in. The question Sen wants to answer is: what is the extent of a person's opportunity freedom? In his view, the answer to this question "must relate to the set of alternative achievements from which he or she can choose any one" (Sen, 2002, p. 513). This choice based formulation has certain advantages in that it facilitates the employment of the formal analytical structures of conventional economics with a different informational base[10]. On the other hand, by using this formulation, Sen treats "mere possibilities" as being on a par with options which have been solidified through human action. This conflation of doing and choosing may not always matter but it is important in the context of development where the scope of human choice is being expanded through the creation of new possibilities.

Basu (1987) provides another argument for being content with the evaluation of well-being in terms of achievements rather than capabilities. This is that the traditional concept of the opportunity set is not adequate for Sen's purposes because, when the interdependence of opportunity sets is taken into account, much of the apparent opportunity is actually illusory (Basu, 1987, pp. 73-5). While Basu recognises that Sen's interest in capabilities derives from his interest in freedom, he argues that basing evaluation on achievement does is not to ignore freedom altogether. We value freedom:

- (1) for what it allows us to achieve; and
- (2) for its own sake.

In concentrating on functioning, we miss out on (2) but not on (1), which in Basu's opinion is the most important.

Sugden (1993, p. 1951) has pointed to some difficulties and ambiguities relating to Sen's conception of the good life and freedom. On the one hand, Sen introduces functionings as the dimensions of well-being and at the same time

sees positive freedom as a good in its own right and hence one of the dimensions of well being. On the other hand, Sugden notes, Sen identifies freedom not as a functioning but with the set of feasible vectors of functionings. These apparently contradictory positions create theoretical problems, which in Sugden's view Sen fails to resolve. Sugden also notes that, even if freedom has no intrinsic value, capabilities seem to be important for Sen's theory of justice (Sugden, 1993).

Assessment

Sen's capabilities approach evolved from a critique of the informational base of welfare economics to encompass ever broader conceptions first of positive and later of negative freedom. Perhaps because parts of the conceptual apparatus were conceived with different purposes in mind, there is some ambiguity about the conception and role of freedom in Sen's social thought (Sugden, 1993; Van Staveren and Gasper, 2002). However, these ambiguities do not prevent the practical application of the broad vision underlying Sen's social theory. The most well known (partial) application is contained in the Human Development Reports produced by the UNDP since 1990. These reports attempt to promote a conception of development that is about expanding the choices people have to lead lives that they value. Building human capabilities – the range of things that people can do or be in life is seen as fundamental to human development. It is emphasised that human development is about much more than economic growth and that economic growth should be seen primarily as a means of expanding peoples choices rather than an end in itself.

Growth versus human development

It was noted in the introduction that some of Sen's concerns relating to the link between growth and human development were shared by several development economists in the late 1960s and early 1970s. At that time the best empirical evidence seemed to indicate that growth did not necessarily help the poor (Adelman, 1975, p. 302). In such circumstances, it is perfectly understandable that a progressively minded economist like Sen should place a special emphasis on human development as opposed to growth. Growth, of course, remains important even if we view it primarily as a means to an end. As Sen, himself notes, support led success remains "shorter in achievement than growth-mediated success, where the increase in economic opulence and the enhancement of quality of life tend to move together" (Sen, 1999, p. 48). Equally, it has to be said that even if growth is seen as valuable in itself, there would be a case for paying attention to capabilities such as the ability to live long lives, to be knowledgeable and to have access to economic resources. These can contribute to economic growth by increasing savings, by facilitating technological development and by facilitating access to capital. This would seem to suggest that there are grounds for believing that growth and human

development might actually go hand in hand. This proposition seems to be supported by recent empirical research. Ravallion (2001) argues that the available evidence suggests that the poor in developing countries typically do share in the gains from rising affluence and the losses from aggregate contraction. Likewise, in UNCTAD (2002), it is argued that where poverty is generalised, sustained economic growth has strong positive effects in reducing poverty, particularly intense poverty.

While the alleged conflict between growth and human development seems to be less important than at first envisaged, this does not mean that a focus on human development is not beneficial. While growth generally benefits the poor, there are large differences between countries in how much poor people share in growth, and there are diverse impacts among the poor in any given country. Anand and Ravallion, (1993, p. 147) argue that the cross country evidence shows that, at least for basic health, average affluence matters for human development but it does so to the extent that it delivers lower income poverty and better public services. While Anand and Ravallion caution that basic health capabilities may be more responsive to public action than other types of capabilities, they take the view that their analysis lends support to the view that certain components of public spending can matter greatly in enhancing human development in poor countries and that they do this independently of what they deliver in terms of reduced income poverty.

Given the attention that Sen has devoted to the issue of measurement of wellbeing, it is hardly surprising that his work has had an important impact on the measurement of poverty. In their review of thinking about poverty, Kanbur and Squire (2001) acknowledge the importance of Sen's contribution in focusing attention not just on income or expenditure poverty but on a range of indicators including life expectancy, infant mortality, health, education and so forth. They find that broadening the definition of poverty does not change significantly who is counted as poor. However, they suggest that while aggregate measures of poverty are largely unaffected, the broader definitions allow a better characterisation of poverty which is valuable in the design of specific programmes to help people escape poverty.

Welfare economics or development economics?

During the 1990s, a focus on human development as opposed to growth played an important role in highlighting the social costs of the stabilization and structural adjustment programmes sponsored by the Washington institutions. Gore (2000, pp. 795-6) acknowledges that the clash between the Washington Consensus and the sustainable human development SHD approach had the effect of modifying the former and making its interventions more humane. Despite this Gore argues that the SHD approach had the effect of conserving some of the key features of the Washington consensus and that any benefits of the approach were purchased dearly since they were "at the cost of crippling

effective analysis of the dynamics of change” (Gore, 2000, p. 796). In support of this view, Gore points to the central focus of the SHD approach on any mismatch between economic growth performance and social performance and on ways in which domestic policy can be used to deliver more achievements for any given level of GDP. Elsewhere Gore has expressed concerns that the focal variables of the mature specification of Sen’s capability approach exclude the institutional contexts within which individual actions are embedded and as a consequence give a biased view in development comparisons which, of their nature, involve complex society-wide changes in the ways people relate to each other (Gore, 1997, p. 247)[11].

In the Preface to *Development and Freedom*, Sen argues that individual agency has a central role in development. He continues:

On the other hand, the freedom of agency that we individually have is inescapably qualified and constrained by the social, political and economic opportunities available to us. There is a deep complementarity between individual agency and social arrangements. It is important to give simultaneous recognition to the centrality of individual freedom and to the force of social influences on the extent and reach of individual freedom. To counter the problems that we face, we have to see individual freedom as a social commitment (Sen, 1999, p. xii).

In discussing the issue of individualism in Sen’s approach to the evaluation of well-being, Robeys (2000) argues that it is important to distinguish between ethical individualism on the one hand and ontological or methodological individualism on the other. Ethical individualism implies that, in evaluating states of affairs, we are interested only in the effects of these states on individuals. According to Robeys, Sen is an ethical individualist but not an ontological or methodological individualist. She defends his ethical individualism on the ground that it is not meaningful to talk about the well-being of a community as distinct from the well-being of the individuals in it. She also claims that the same holds for capability.

Robeys’ argument with respect to well-being can be questioned but, even if it is accepted, it is possible to deny that it holds also for freedom or for capability. Rational social institutions may act instrumentally to increase the freedom of individuals as suggested by Sen in the quotation cited above. But it is also arguable that rational social institutions have a value over and beyond this instrumental value and are themselves embodiments of freedom[12]. As far as capability is concerned, normal discourse suggests that it is natural to talk about the capability of a region, an industry or a firm as distinct from that of individuals.

Earlier, in the course of discussion of Sen’s opportunity concept of freedom, some concerns were expressed about his choice based approach to the issue of capability. The formulation employed by Sen often seems to suggest a selection for some reason of one out of a number of given courses of action. As Knox (1968, p. 105) points out, this kind of formulation ignores initiative and creativity and “forgets that choice is not in essence the choice of any given

thing, but an act of self-creation, a further determining of what I shall be or what society shall be". Knox makes it clear that the self-creation he has in mind does not involve making something out of nothing but is about fashioning the future out of materials left to us by the past. Sen's distinction between capabilities and achieved functionings would seem to provide a framework within which such acts of creativity could be accommodated but this would require some new departures in the treatment of the concept. A wider treatment of development process would also require the abandonment of the methodological atomism which claims that collective goods are reducible without remainder to the good of individuals (Neuhouser, 2000, p. 175).

This paper has sought to understand how Sen's recent thinking on development and freedom has evolved from his critique of welfare economics and his concern with underdevelopment and poverty. It has been shown that Sen has done a great deal to rescue welfare economics from the consequences of methodological individualism by seeking an objective basis for comparisons of well-being, by insisting on the need for interpersonal comparability and by creating a space for normative evaluations. In the process of so doing, Sen has also provided critiques of positivism and of conceptions of rationality in economics. These are clearly achievements of the first rank. Sen's contribution to the human development approach has been of enormously influential and has contributed to the modification of some of the worst excesses of the free market approach. Sen's approach has been less successful in terms of the analysis of long-run dynamics which are characteristic of traditional development economics. It has been suggested here that the distinction between capability and functioning could be developed to allow for the incorporation of human creativity. A more thorough examination of the development process would also require analysis at the social rather than individual level.

Notes

1. Lewis, 1955, 9-10, 420-21, cited in H W Arndt, 1989:177. Sen (1999, p. 290 and 2002, p. 605) is critical of Lewis because the range of substantial choice on valuable matters depends also on many other factors besides growth.
2. Among the leading advocates of this position were Dudley Seers, Mahbub ul Haq, Hans Singer, Richard Jolly (Arndt, 1989, pp. 89-113). See also note 3 below.
3. Sen refers among others to the contributions of Lipton, 1968; Streeten, 1972; Adelman and Morris, 1973; Grant, 1975; Griffin and Khan, 1978; Osmani, 1982; Stewart, 1985. See Griffin and Knight eds, 1990, p. 57, n. 20.
4. See Pigou (1952, p. 851). Pigou wrote: "a given amount of stuff may be presumed to yield a similar amount of satisfaction, not indeed between *any* one man and any other, but as between representative members of groups of individuals".
5. "It would not be safe to say that any two men with the same income derive equal benefit from its use; or that they would suffer equal pain from the same diminution of it. Nevertheless, if we take averages sufficiently broad to cause the personal peculiarities of individuals to counterbalance one another, the money which people of equal incomes will

give to obtain a benefit or avoid an injury is a good measure of the benefit or injury". (Marshall, 1962, pp. 15-16).

6. Material here is used not in its literal sense "but in the sense that people are willing to pay money for them, either as individuals consumers, or ... in their collective capacity" (Clarke, 1951, pp. 5-6).
7. For further discussion, see Sen, 1982a, pp. 527-532 and Sen, 2002, pp. 64-118.
8. The social dimensions of positive freedom can be seen in Michael Porter's recent report on UK competitiveness which emphasises the need for positive investment in skills, infrastructure and institutions rather than market based reforms. Porter does not use the term positive and negative liberty but it is clear that market based reforms emphasise negative liberty while various forms of capacity building relate to positive liberty.
9. On the issue of dimensions of human development, see Alkire (2002).
10. See "Markets and Freedom", Ch 17 in Sen (2002).
11. As Gore points out, Sen's approach cannot be labelled as excessively individualistic in any simple way and includes social elements in the evaluative process in various ways (Gore, 1997, pp. 241-2), see also Fine (2002) and Gasper (2002, pp. 452-3).
12. See, for example, Neuhouser (2000) and Gore (1997). For an early argument that certain vital human capabilities are characteristics of societies rather than individuals, see the fourth dialogue in Vol. II of Mandeville's *Fable of the Bees* (Kaye, 1924, Vol. II, pp. 188-9).

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