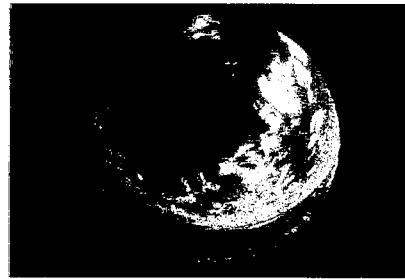


# DEVELOPMENT AS FREEDOM



AMARTYA SEN

WINNER OF THE NOBEL PRIZE IN ECONOMICS

"Fascinating. . . . The overall argument [is] eloquent and probing."

—*The New York Times*

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To Emma

## INTRODUCTION

# DEVELOPMENT AS FREEDOM



Development can be seen, it is argued here, as a process of expanding the real freedoms that people enjoy. Focusing on human freedoms contrasts with narrower views of development, such as identifying development with the growth of gross national product, or with the rise in personal incomes, or with industrialization, or with technological advance, or with social modernization. Growth of GNP or of individual incomes can, of course, be very important as *means* to expanding the freedoms enjoyed by the members of the society. But freedoms depend also on other determinants, such as social and economic arrangements (for example, facilities for education and health care) as well as political and civil rights (for example, the liberty to participate in public discussion and scrutiny). Similarly, industrialization or technological progress or social modernization can substantially contribute to expanding human freedom, but freedom depends on other influences as well. If freedom is what development advances, then there is a major argument for concentrating on that overarching objective, rather than on some particular means, or some specially chosen list of instruments. Viewing development in terms of expanding substantive freedoms directs attention to the ends that make development important, rather than merely to some of the means that, *inter alia*, play a prominent part in the process.

Development requires the removal of major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or overactivity of repressive states. Despite unprecedented increases in overall opulence, the contemporary world denies

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.

#### TRANSACTIONS, 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 *generically 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 integrate 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 connections 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 markets 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.

## CHAPTER I

### 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 *Brihadaranyaka 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?*<sup>1</sup> 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."<sup>2</sup>

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.<sup>3</sup>

### 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.<sup>4</sup> 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*.<sup>5</sup> 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.<sup>6</sup> 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).<sup>7</sup>

## 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.<sup>8</sup>

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 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.

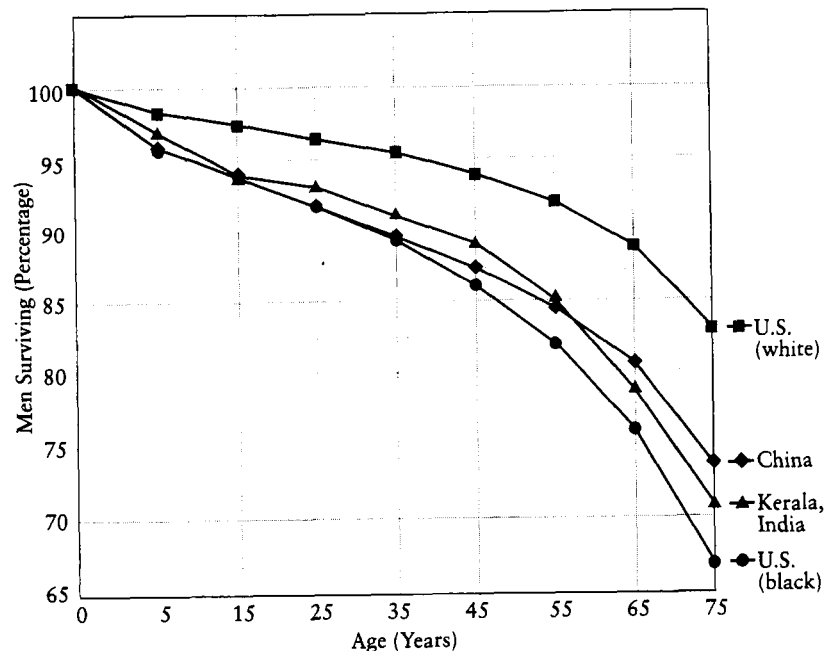
#### INCOME AND MORTALITY

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).<sup>9</sup>

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.

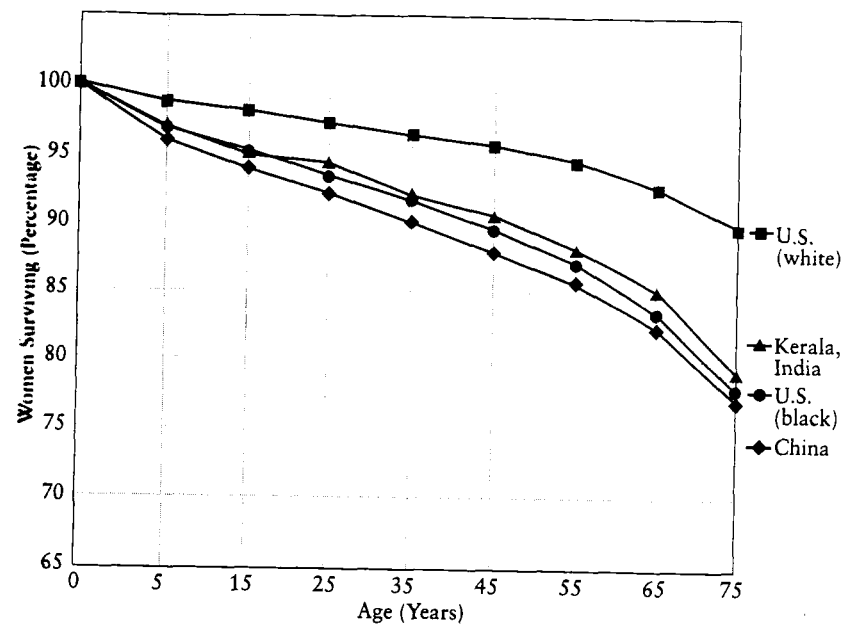
In fact, it turns out that men in China and in Kerala decisively outlive African American men in terms of surviving to older age

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



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.<sup>10</sup>

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.<sup>11</sup> 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.<sup>12</sup> 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.<sup>13</sup> 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).<sup>14</sup> There are strong connections also with Adam Smith's analysis of "necessities" and conditions of living.<sup>15</sup>

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, François 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.<sup>16</sup>

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 functionings 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).<sup>17</sup> In concentrating attention on resulting functionings 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.<sup>18</sup> 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).<sup>19</sup> 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.<sup>20</sup> 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.<sup>21</sup>

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 agricultures, 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 Engerman (*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."<sup>22</sup> 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.<sup>23</sup>

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

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."<sup>25</sup> 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.<sup>26</sup>

The linked presence of labor bondage with indebtedness yields a particularly tenacious form of unfreedom in many precapitalist agricultures.<sup>27</sup> 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).<sup>28</sup> 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.<sup>29</sup> 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.<sup>1</sup> 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