Chapter - 5

Entitlements, Capabilities and Human Development
Chapter 5: Entitlements, Capabilities and Human Development

5.1: Introduction

From our study of Sen’s contribution in the area of social choice theory, we moved in Chapter 4 to his two major works on the subject of inequality, where he begins to apply the conceptual framework and insights of that theory to issues of inequality and its measurement.

Towards the end of Chapter 4 we looked briefly at Sen’s work on poverty measurement. In the same year that he published the paper on the S-measure of poverty, Sen also took up another subject of study which was mentioned in his Nobel prize citation as an area in which he had made a valuable contribution. This was the subject of famines. His article “Famines as Failures of Exchange Entitlements” was published in the Economic and Political Weekly in August 1976, and this was later expanded into a longer article, “Starvation and Exchange Entitlements: A General Approach to Its Application In The Great Bengal Famine” in the Cambridge Journal of Economics in 1977. Amartya Sen had as a child in Bengal been witness to the last great famine in British India, and the human misery that it gave rise to. He later used the theoretical concepts developed in these papers to investigate a number of instances of famine in the modern world. The main proposition he makes is that famines in the modern world have not been caused by a failure of food availability so much as a failure of entitlements. Another important conclusion he draws, from the observation that there have been no famines in independent India, while China suffered a famine that killed millions of people in the 1950’s, is that democratic institutions and a free press have an important role to play in the prevention of famine. This is connected with Sen’s concern for ‘freedom’ in his recent writings.

We do not propose to review the large body of Sen’s writing, much of it empirical, on the subject of famines as such. However, it will be relevant to our objective of studying Sen’s work in welfare economics and its applications, to look at the notion of entitlement failure that he proposes in this context. Even though ‘entitlements’ do not
have such a central place in Sen’s more recent writings as ‘capabilities’, this concept has a connection with the issues raised in the last two chapters, and with the overall philosophical approach that becomes evident therein.

5.2: Entitlements-based Theory of Justice

We have already referred to Nozick’s entitlements-based theory of social justice in Chapter 3. In the article “Rights and Capabilities”, based on lectures delivered by Amartya Sen in 1982 and 1983, and included as chapter 13 in the 1984 collection Resources, Values and Development (RVD), he directly engages with Nozick’s approach. If a moral theory of rights takes “a strongly procedural form”, then, according to Nozick, we are not justified in specifying that “distribution is to vary along with some natural dimension, weighted sum of natural dimensions, or lexicographical ordering of natural dimensions”. These natural dimensions may include: “moral merit, IQ, need, or usefulness to society”. Sen says (RVD, p.311): “In his justly famous book, Anarchy, State and Utopia, Robert Nozick argued against any ‘patterning’ of outcomes. Such ‘patterning’ would – as it were – over-determine the system, since the rules that are accepted would lead to some outcomes and not others, and respecting these procedures does require the acceptance of whatever outcomes happen to emerge.”

Nozick in fact argues strongly in favour of a “minimal state”. Such a state, “limited to the narrow functions of protection against force, theft, fraud, enforcement of contracts, and so on, is justified; (that) any more extensive state will violate person’s rights not to be forced to do certain things, and is unjustified; and (that) the minimal state is inspiring as well as just.” Sen’s first argument is that accepting such a position can lead to “recognizably terrible” consequences”. He goes on: “I have presented evidence to indicate that in many large famines in the recent past, in which millions of people have died, there was no over-all decline in food availability at all, and the famines occurred precisely because of shifts in entitlements resulting from exercises of rights that are perfectly legitimate. The legitimacy referred to here is, of course, of the legal type rather than that of being supported by a given moral system, but as it happens the moral system
of ownership, transfer and rectification outlined by Nozick is, in many respects, quite close to such a system of property rights and legal exchange.”

Nozick leaves the door open for justifying a violation of rights to avoid “catastrophic moral horrors”, without exploring this subject further. But Sen goes on from here to argue that a moral theory of rights has to be “consequence-sensitive”, even if one does not take the fully consequentialist route represented by utilitarianism. “Consequent states of affairs may not be the only things that matter, but they nevertheless matter.” (RVD, p.313) As we have seen earlier, Sen was in fact attracted to Rawls’ theory of justice partly because it had a deontological approach, as opposed to utilitarianism. Deontological theories such as those of Nozick and Rawls (however different they may be from each other) emphasise the importance of liberties. Sen in this article explores the idea of liberties as ‘negative freedoms’, that is, the freedom from being prevented from enjoying certain rights, and suggests that if we value negative freedom, we must equally take a moral stand in favour of ‘positive freedoms’. Thus “it must be sometimes right to violate deliberately someone’s negative rights in order to bring about the prevention of a more serious violation of the negative freedom of someone else” (our emphasis).

This implies some kind of weighing up of rights and negative freedoms against one another. But it also means that we must be prepared to take positive action to protect certain rights, even when negative freedoms have not been violated. This involves some form of obligation to support what Sen calls “positive freedoms.” Sen then proposes to outline “a characterisation of positive freedoms in the form of capabilities of persons.” Thus Sen has argued from a valuing of liberties, through the observation that a system based only on liberties and entitlements can lead to disaster and human misery, to a valuing of human capabilities.

5.3: Failure of Entitlements

In most of his books and papers on famines, Sen does not invoke Nozick. He says that he is using the term ‘entitlements’ in a ‘descriptive and not a prescriptive sense”, and
defines it as follows: “the ‘entitlement’ of a person stands for the set of commodity bundles that can be acquired through the use of the various legal channels of acquirement open to that person. In a private ownership market economy, the entitlement set of a person is determined by his original ownership bundle (what is called ‘endowment’) and the various alternative bundles that the person can acquire, starting with each initial endowment, through the use of trade and production (what is called his ‘exchange entitlement’). A person has to starve if his entitlement set does not include any commodity bundle with an adequate amount of food.”

The work on famines is a kind of detour, in which Amartya Sen pursues a subject that has a personal significance for him. We therefore do not propose to go into detail in examining how far this approach contributes to our understanding of famines in modern times. Some of his assertions in regard to particular instances of famine have been disputed; some economists hold that the concept of entitlements adds nothing new to famine analysis. For example, P.R. Brahmananda, in his 1998 article, “Amartya Sen and the Transformation of the Agenda of Welfare Economics” (Indian Economic Journal, Vol. 46, No. 2), expresses this view. In his sympathetic but slightly sceptical appraisal of Amartya Sen following the award of the Nobel Prize, Professor Brahmananda points out that the following observations are found in a textbook on Indian Economics popular from the thirties to the fifties: ‘We have now no such thing as a food famine, for although the rains may fail in one part, it is very rarely that this is not balanced by an exceptionally good monsoon somewhere else; and thus, taking the country as a whole, there is generally the usual quantity of food available. Modern famines are thus not food famines but money famines, and what the state is called upon to do is to provide work and wages on an adequate scale.’

What is more interesting is to note a subtle shift in his treatment of the subject from the time he first took it up in the mid1970’s to his later writings on the subject. In Poverty and Famines, published in 1981, Sen consolidates his the findings of his earlier work on the Great Bengal Famine of 1943 and some other famines, and puts it together with his discussion of entitlement failure and also of poverty measurement. Here he
opposes his entitlements approach to what he terms the Food Availability Decline approach. He underlines the fact that it is not so much the overall decline in food availability in an economy that causes famine, as failures entitlements for certain groups or classes of persons, because their endowments, of land or labour power, have declined in value, because of a failure to exchange these endowments for food due to lack of employment, or because of a rise in the price of food which he has to purchase in the market. He asserts that “the poor” may not be a legitimate category when we are analysing the causes of famines or deciding on the policy to cope with famine: “The entitlement approach requires the use of categories based on certain types of discrimination. A small peasant and a landless labourer may both be poor, but their fortunes are not tied together. In understanding the proneness to starvation of either we have to view them not as members of the huge army of ‘the poor’, but as members of particular classes (our emphasis), belonging to particular occupational groups, and being governed by rather different entitlement relations” (p.156). But in the 1989 publication *Hunger and Public Action*, (co-authored with Jean Dreze), he puts the point differently (p.30): “One of the central differences between the availability approach and the entitlement approach is the necessarily disaggregative nature of the latter......It is obvious that a totally disaggregative analysis would be impossible to pursue for a sizeable economy, since there may be millions of people involved. ......an appropriate economic disaggregation would certainly necessary.” However, he distances himself from a class-based analysis by referring to Marx: “the contrast between the economic positions of the proletariat, peasants, traders, capitalists, etc. formed the backbone of his (Marx’s) analysis, which was fleshed out with details that fitted into that overall structure. That general perspective is of central importance in understanding the nature of entitlements, and the genesis of famines and starvation.(ibid.)” However, he immediately qualifies what he has said: “it is often important to take a more disaggregative view of the economy (our emphasis) than one might get from standard class analyses. Sometimes the entitlements of different families belonging to the same class may move in divergent direction, depending on the particular economic influences that respectively operate on them. These influences can vary between different occupation groups. They can also lead to divergent experiences for different members of the same group. (Sen’s emphasis.” He
concludes that “it is the families and their members to whom entitlement analysis must ultimately relate.” We find here a blunting of the sharpness of the analysis in Poverty and Famines, where “the food problem” is seen as “a relation between people and food in terms of a network of entitlement relations.” Of course this network involves elements other than class, such as the market for food, public policy and macroeconomic developments; but the subtle shift in Sen’s overall perspective is apparent. The ‘more disaggregative view’ that he is moving towards takes us away from an understanding of how people of different occupational groups, regions, etc. were affected by the overall working of economic forces during the famine, to a focus on the family and the individual and their personal features and ‘functionings’. This is basically a nominalist position, in the second meaning of the word as given in the Encyclopedia Britannica: ‘the theory that only individuals and no abstract entities (as essences, classes, or propositions) exist’.

He is much more comfortable in the later stage of his writing on famines in dealing with the role of gender in relation to famines and how people cope with them. The treatment of the gender aspect of famines and famine relief in Sen’s work also shows an evolution over time. He notes in Poverty and Famines the evidence from many cases of famine that male mortality at such times is often higher than female mortality. This may be explained, he suggests, by biological differences between the sexes to some extent, as the female body is better equipped to survive periods of extreme food deprivation. In a later article, “Gender and Co-operative Conflicts” (1990), which is analysed in detail in my Chapter 6, Sen tentatively questions some of these findings (p. 142, and 142nn): “he famine experts of the British Raj in India were on the whole persuaded that men died in much larger numbers than women in Indian famines, but the evidence might possibly have been based on biases in data collection.”

In the 1989 Hunger and Public Action, Sen looks more closely at the intra-household aspect of how people actually cope with a situation of famine. He acknowledges the work of scholars like Bina Agarwal, Barbara Harriss and others on intra-household distribution of food at times of crisis, and takes into consideration the
fact that there is often a pro-male bias in consumption patterns of famine-affected households, and also that within younger age groups, especially those of children, female mortality is higher than male mortality. This aspect of the impact of famines does not in fact fall into the purview of entitlements analysis, which deals with the legal rights and endowments of families and of workers, their market exchanges, their employment, and their social security receipts. But it is, on the one hand, an aspect that could be of central importance for public policy planning at times of famine. The intra-household allocation of resources is a subject to which Sen has paid a lot of attention in his more recent writings, as we will see in Chapter 6.

5.4: Capabilities

We come at last to examine in more detail Amartya Sen’s concept of capabilities, whose origins we have traced earlier. As we have noted, it is in the 1979 lecture in RVD, “Equality of What?” that he first put forward the idea. He relates the capability of a human being to function to the notion of positive freedom (RVD, p.316): “if freedom is valued then capability itself can serve as an object of value and moral importance.” He suggests that in the link between commodities and the utilities that they give rise to for the consumer, two more stages can be inserted. For example, take a good like rice.

“There is the notion of a good (in this case, rice); that of a characteristic of a good (e.g. giving calories and nutrition); that of functioning of a person (in this case, living without calories deficiency); that of utility (in this case, the pleasure or desire-fulfilment from the functioning in question, or from some other functioning related to the characteristics of rice).”

Again, this construction is counterpoised against utilitarianism, on the one hand, which goes straight to the last term in the series, and against Rawls, on the other, who stops at primary goods. The objective is to determine the moral basis of judgements on equality. The objection to utilitarianism is that, if we have, say, a cripple, whose capability to function is severely limited, but who has a happy disposition, the utility metric may judge him equal to a person with a greater capability to function. The objection to Rawls is that the difference between different persons’ capacity to transform
primary goods into functionings is not taken into account, so that the problem of the cripple is again ignored. We can venture a few comments here. Firstly, there is an ambiguity here in the use of the word ‘good’: Rawls’ primary goods are not only commodities, in fact they do not include commodities at all, but incomes, liberty, opportunities, and the social bases of self-respect, etc. It is not that Sen is unaware of the difference, but the word ‘good’ is used both in the sense of commodities and in Rawls’ sense in this lecture. Rawls’ ‘primary goods’ certainly do come close to Sen’s requirement of ‘positive freedoms’ in going beyond the ‘negative freedoms’ of Nozick’s system. But Rawls is talking of more than the freedom to choose a set of commodities; the choice of a job (implied in the inclusion of ‘opportunities), and more generally the choice of a ‘life path’ is also valued here.

Secondly, if we are talking of the link commodities – characteristics – functionings – utilities, the place where commodities with their characteristics are transformed into utilities is in fact the family. Even Gary Becker, whose theory of the family has been faulted on many counts, is aware of this. Rawls has in fact been criticised, mainly in recent feminist theory, for neglecting the family among the set of institutions in a just society, but Sen, even when he confronts Rawls, here seems to be abstracting from social institutions altogether. In later writings on capabilities, Sen does take the aspect of intra-household allocation of resources into account, but not the fact that work is done in the household to transform commodities into functionings and utilities.

5.5: Capability and Well-being

Amartya Sen developed the formal aspects of a capability-based metric of individual advantage in a set of lectures --- the Hennipman Lectures, published as a monograph entitled Commodities and Capabilities in 1985. A related publication is The Standard of Living, in which Sen’s Tanner Lectures on this subject are published together with discussions. He examines three approaches to measurement of the living standard: utility, opulence and functionings. His arguments about the limitations of utility as a measure of well-being have already been outlined in earlier sections. Opulence generally
encompasses a person's wealth and income, or the extent of his possessions. This he rejects as being a 'commodity-fetishist' view, that does not throw light on what the person does with the commodities at his command.

The purpose of the monograph *Commodities and Capabilities* (C&C) is to explore the possibilities of assessing well-being in the form of capabilities. Sen begins by remarking that formal economic theory does not have "a plurality of focus in judging a person's states and interests.", since it relies on a simple measure, utility. Utility has, of course, been taken to mean different things by different economists. The earliest interpretation, influenced by Bentham, is utility as satisfaction or happiness. Other meanings are "desire-fulfilment" or "the person's well-being or advantage no matter how that is judged." However, Sen says, in all of these conceptions "the particular simplification chosen .... Has the effect of taking a very narrow view of human beings (and their feelings, ideas, actions), thereby significantly impoverishing the scope and reach of economic theory." Thus Sen has declared one of his intentions: to broaden the scope of economic theory. He wants to broaden the very conception of well-being, to include, not just the achieved state, but also advantage in the form of real opportunities available to a person. The various interpretations of utility can be seen as different ways of representing well-being, but there exist other approaches, such as opulence, and basic needs. Sen's capabilities approach, he tells us, is distinct from either of these.

In fact the capabilities approach has much in common with the basic needs approach which was adopted by development economists and international developmental institutions in the early 1980's. Sen admits this in a 1983 paper, "Goods and People, which is reproduced in RVD as Chapter 20. He quotes Paul Streeten, one of the economists most closely associated with the basic needs approach: "the basic needs concept is a reminder that the objectives of the development effort is to provide all human beings with the opportunity for a full life" (Sen's emphasis). It is in fact interesting to see what Sen says about the distinction between the two concepts. First that it focuses on commodities; but this is not quite the case, as "attention is paid to
differences in the commodities needed by different persons to satisfy the same human requirements.” Also, there is the inclusion of factors such as literacy in basic needs.

The second point relates to a particular capability that Sen has referred to several times in his writings: the ability ‘to appear in public without shame’, in the words of Adam Smith, or one aspect of ‘the social bases of self-respect’ that figure in Rawls’ list of primary goods, or what even Marx acknowledges when he says that what constitutes a ‘subsistence’ level changes according to the times. Sen’s way of putting it is that “relative deprivation in the space of commodities translates into absolute deprivation in the space of capabilities. This amounts to saying that basic needs in any specific context have a cultural component; and it is unlikely that development economists drawing up or implementing basic needs programmes were completely unaware or negligent of this factor.

The third point Sen makes is that the basic needs approach aims at achieving a ‘minimum’ level, whereas the capabilities approach can be applied to rich countries as well as poor, and can be used as a metric for comparisons of inequality. What we have here is an early description of something close to the human development index which Sen played a large role in formulating some years later. Finally, Sen says that ‘needs’ is a more passive concept than ‘capability’, and thus the latter is more consonant with the perspective of positive freedom. This is so far as the individual is concerned. But we may observe that the ‘basic needs’ approach did at the time carry some overtones of an obligation to provide for people’s basic needs, and was in fact used to argue for minimum levels of aid transfers from richer to poorer countries. If we see the capabilities concept as influencing the construction of the human development indices later, in the 1990’s, the latter exercise carries no such overtones, paternalistic though they may be.

To come back to the utility approach to well-being, Sen says that it is, firstly, fully grounded in the mental attitude of the person (satisfaction, happiness) and neglects her physical condition; and, secondly, that it avoids any reference to the person’s own valuational exercise. The latter is a point that Sen later emphasises in relation to women,
especially women in developing countries. In *Commodities and Capabilities* (C&C) he expresses it graphically (p.21): “the destitute thrown into beggary, the vulnerable landless labourer, the overworked domestic servant --- all tend to come to terms with their respective predicaments”. This leads to serious problems if interpersonal comparisons are to be made on the basis of utility in the sense of satisfaction or happiness.

In Appendix B of C&C, entitled “Well-being, Functionings and Sex Bias”, Sen elaborates on the theme in relation to the well-being of men and women in the same family. Citing a monograph by Bina Agarwal on rural women in rice-producing regions of India, he observes (p.81): “… no contrast between the well-being of men and women can be drawn out of the compound notion of ‘family well-being’. Certainly, utility-based models of well-being geared to individual desires and individual pleasures and pains are hard to apply when the mental magnitudes are so clearly related to the state and status of the ‘family’. On the other hand, if well-being is judged by functionings, then contrasts between the positions of men and women can be drawn and empirically studied.” He continues (p.82): “The perception of relative needs of different members of the family may be closely related to social influences, e.g. there may be magnification of the needs of the head of the household, and underplaying of the needs of women.”

We see here the beginning of a dialogue between Amartya Sen and feminist scholars, which led him to some interesting empirical and theoretical work in the 1990’s. We will examine this more closely in the next chapter. Here we are looking at some of the issues raised by Sen in his formal presentation of ‘capabilities’ as an alternative to utilities. Another point Sen makes here (see above) is that while utility is based on mental attitudes, and neglects the physical condition of the person. He says that it is important to distinguish between ‘choice and non-choice factors’ in the determination of capabilities. For example, a person’s metabolic rate can’t be altered, but better husbandry through nutritional knowledge, medical attention, etc., can improve one’s physical capacity. In the next section we will examine how Sen proposes to formalise such considerations.
Finally, Sen rejects ‘opulence’ as a basis for assessing well-being: well-being as opulence is an “alienated, commodity-fetishist view”, confounding the state of a person with the extent of his possessions. However, he at the same time (p.23) defends his use of ‘entitlements’ ---command over commodities in analysing the well-being of individuals in famine conditions. In relation to phenomena such as famine or widespread undernourishment, it is legitimate to use entitlements as a proxy, since choice factors are less important, i.e. the person has a severely restricted area of choice. It is time now to return to Sen’s formal presentation, to understand how he deals with factors such as choice in relation to the capabilities framework.

5.6: Capability Sets

In Chapter 2 of C&C, Sen posits his rigorous formulation of a capability-based system. He follows Gorman and Lancaster by saying that when talking about consumption, commodities should be seen in terms of their characteristics. He then sets up the sequence: commodities – characteristics – functionings – capabilities. The ‘functionings’ of a person are “what the person succeeds in doing with the commodities and characteristics at his command.” A functioning is thus different both from (1) having goods (and the corresponding characteristics), to which it is posterior, and (2) having utility (in the form of happiness resulting from that functioning), to which it is prior. If a person \( i \) chooses utilisation function \( f_i(\cdot) \), then with his or her commodity vector \( x_i \), the achieved functionings will be given by \( b_i = f_i(\{ c(x_i) \}) \), where \( c \) stands for the characteristics of the commodities. The happiness that he enjoys as a result may be termed his utility = \( u_i = b_i \{ f_i(\{ c(x_i) \}) \} \). Here the person has chosen one utilisation function \( f^*_i(\cdot) \) from the set \( F_i \) for a given commodity vector \( x_i \), there is a set of feasible functioning vectors. If the person’s choice of commodity vectors is restricted to the set \( X_i \), then the person’s feasible functioning vectors are given by the set \( Q_i(X_i) \). \( Q_i(X_i) \) represents the freedom that the person has in terms of functioning, given his personal features \( F_i \) and his command over commodities (‘entitlements’). \( Q_i \) can be called the capabilities of the person given these parameters.

\[
Q_i(X_i) = \{ b_i \mid b_i = f_i(\{ c(x_i) \}) \text{ for some } f_i(\cdot) \in F_i \text{ and for some } x_i \in X_i \}
\]
Further, a scalar-valued ‘happiness’ function or ‘valuation’ function (in the sense in which valuation of one’s situation has been discussed in the previous section) can then be defined on \( b : v_i (b) \). Then, if a vector \( b^* \), is the unique maximal element in terms of \( v_i \), that is, the happiness or valuation it engenders, and it is chosen, the person’s freedom will not be unchanged if other vectors, less happiness-engendering than \( b^* \), become non-feasible, since ‘freedom’ is represented by the whole set \( Q_i (X_i) \).

This is how Sen deals with the problem of the chronically underprivileged person who may be ‘happy’ even though his capabilities are severely restricted. The capabilities set \( Q_i \) represents the capabilities of the person, and the whole range of alternatives available to her is a measure of her freedom. Utility, or happiness, is a function of the chosen elements of the set \( Q_i \). Sen underlines this distinction between his approach and the utility-based view. The utility view, he says, identifies utility, or desire, with valuation: “I desire \( x \), and so I value it.” For Sen, the valuation precedes the desire: “I value \( x \), and so I desire it.” Feelings like desire, etc. can be seen as informational clues to the value to the individual of a set of functionings.

This framework is also useful to enable us to think about what was referred to in the previous section as the “choice and non-choice” factors in the determination of a person’s capabilities. Better knowledge about nutrition, better access to medical care, etc., can lead to better functioning, even though certain physical features of the person cannot be altered. The capabilities set remains the same, but a different utilisation function \( f(\cdot) \) is chosen. There is also room for choice of the commodity vector, given a person’s entitlements. But in the case of famines or extreme poverty, entitlements can be used as a proxy, since choice is restricted and thus the choice factor is less important.

Further, Sen says that the valuation function need not give rise to a complete ordering of functioning vectors. In Chapter 5 of C&C, entitled “Desire and Ranking”, he returns to the question of subjectivity in the valuation of functioning vectors. As we know, this is one of the important respects in which the capability approach is superior to the utility approach: ‘happiness’ might be a subjective condition contradicting the
actually dismal conditions of a person's life. He talks of the possibility of an "objective partial ordering" of functioning vectors, that is, A might be "better" than C, B "better" than C, but A and B might not be ranked vis a vis one another. The present writer finds this a little confusing. The valuation function as characterised above represents the person's *own* valuation of functioning vectors, and therefore subjectivity is a part of it. However, 'objectivity' comes in when we consider the capability sets: the set of functioning vectors that the person can achieve, given her entitlements.

Another aspect that Sen discusses here is the possibility of "interpersonal variations in the ranking of well-being". What he means by this may be clarified by quoting a passage from *Inequality Reexamined* (p.85): "There are in fact two sources of variation in the relation between a person’s means in the form of primary goods (or resources) and achievement of ends. One is *inter-end* variation --- different conceptions of the good that different people have. The other is *inter-individual* variation in the relationship between resources (such as primary goods) and the freedom to pursue ends." What he refers to as "inter-individual" variation is covered in his framework by the set Fi of utilisation functions. On the other hand, "interpersonal variations in the ranking of well-being" arise from people having different conceptions of the good, or of their own well-being. These are formally represented by differences in the ranking of functioning vectors generated by the valuation functions vi of different persons i, which gives rise to different rankings of states of well-being. Sen says that in such a case, we can resort to "an intersection partial ordering" --- the restricted ranking "which can be agreed upon without any contradiction, "seeming or real". We have already met Sen’s idea of "intersection partial orderings" in the context of comparisons of income inequality, in Chapter 4 above. Obviously he is referring here to interpersonal comparisons of well-being, and indeed he says in Chapter 7 that the objective in this monograph is to discuss the problems of assessing well-being, not social states as in the Arrow framework. There are also clues in this monograph, as we shall see, that he is already thinking of something like the exercise of constructing an index of human capability for inter-country comparisons.
We have already seen in Chapter 3 that Sen does not accept the refusal to make interpersonal comparisons of utility which is a staple feature of neoclassical welfare economics. But the framework he has set up here has a strong resemblance to the foundational scheme of modern neoclassical consumer theory based on ordinal utility. This theory starts from the individual consumer as a matter of axiomatic principle; and both terms, ‘individual’ and ‘consumer’ are significant here. Sen begins with an individual with a set of entitlements to commodities; his addition is that we go more deeply into how he uses these commodities to achieve certain functionings, which, as we have seen, he places in the sequence posterior to commodities and prior to utility. Thus his valuation function is also based on the individual’s ‘mental attitude’ in some sense. Compounding these valuations to draw interpersonal comparisons of well-being will run into the same problems that are faced in the interpersonal comparisons of welfare based on utility. Sen does not enter into these problems of compounding in this monograph at all. He merely repeats an assertion from his earlier writings that Arrow-type impossibilities can be avoided by the use of a “richer informational base”.

The object of the exercise outlined in this section is not, however, to compare vectors of functionings, but to compare capability sets (p.59): “The evaluation of functionings is only part of the story if we look not at well-being as such, but at a person’s advantage. As has already been mentioned, advantage can be seen as the opportunities a person has, of which only one will be chosen. The problem of set evaluation raises interesting and difficult problems...” We will only trace the major steps by which Sen attempts to make possible a comparison of capability sets. The first, and simplest, method proposed is that of ‘elementary evaluation’ (p.61):

“Elementary Evaluation: the value of a person’s ‘capability set’ is given by the value of the best element in it.

\[ V(S) = \max \text{ (for } x \in S \text{) } v(x) \]

He raises the objection that this will not always be possible if the ordering of the functioning vectors is partial, and then suggests an extended version, that will partially order the capability sets:

\[ S_1 R^* S_2 \text{ if and only if } \forall x \in S_1, \exists y \in S_2 : x R y \]
Sen is here applying usual methods of ordering of sets used in modern algebra. Other methods can give a complete ordering of capability sets, but since the underlying valuation ordering of functioning vectors is incomplete, this may not be desirable. In fact, a complete ordering of capability sets is not particularly useful: (p.66) “In comparing the advantages of two persons, it is perfectly possible to say that neither is more advantaged than the other.”

What is worth noting here is that these orderings all hinge on comparing the preferred alternatives in different capability sets, but do not rank the sets according to the range of choice available to an individual. Sen remarks on this as follows (p.67): “A certain reading of freedom suggests that it may not be adequate to consider what it is that we do succeed in doing. We must also take note of what we could have done.” The treatment of freedom in the sense of flexibility, as attempted by Arrow in his 1995 article, cited above (Chapter 4) will not serve the purpose here, as that approach regards freedom as the possibility of remaining flexible with respect to an uncertainty of future preferences. A ranking in terms of the number of feasible functioning vectors in each capability set will also not suffice (p. 68): “But the number of elements is an arbitrary reflection of the ‘extent’ of choice, since the ‘quality’ of the elements must also make a difference. Sen does not here suggest any way of integrating this consideration into his framework of capability sets. But he remarks(p.69): “A rather different approach in dealing with the problem of ‘freedom’ is to incorporate acts of ‘choosing’ as among the doings and the beings in the functioning vector. Then --- with the elements of the capability set thus refined --- we may stick to the ‘elementary evaluation’ after all.”

5.7 : Capability and Freedom

Sen’s objective in inserting the intermediate stage of choice of functionings is further elaborated on in another text published in 1987 as a small book, On Ethics and Economics. In this book he returns to a theme that he had first broached in an article with the title: “Rational Fools: A Critique of the Behavioural Foundations of Économic Theory”, based on a lecture he delivered at Oxford University in 1976. (included in the collection CWM, pp. 84-106). The article begins with a quotation from Edgeworth’s
Mathematical Psychics (1881); “the first principle of Economics is that every agent is actuated only by self-interest.” Sen challenges this behavioural assumption, which has a pedigree dating back to Adam Smith, at least to the popular conception about Adam Smith’s defence of the market mechanism. In the theory of consumer behaviour, this assumption is incorporated into the notion of ‘rational man.’ The two ingredients constituting ‘rationality’ in this theory are (a) consistency of preferences, and (b) self-interestedness—leading to the maximisation of ‘utility’.

In “Rational Fools”, Sen criticises this notion as follows (CWM, p.99): “A person is given one preference ordering, and as and when the need arises this is supposed to reflect his interests, represent his welfare, summarize his idea of what should be done, and describe his actual choices and behaviour. Can one preference ordering do all these things? A person thus described may be ‘rational’ in the limited sense of revealing no inconsistencies in his behaviour, but if he has no use for these distinctions between quite different concepts, he must be a bit of a fool. .... To make room for the different concepts related to his behaviour we need a more elaborate structure.” Sen suggests that ‘sympathy’ and ‘commitment’ also enter into the determinants of a person’s behaviour. ‘Sympathy’ is easier to deal with; it is the case of a person’s well-being being psychologically dependent on someone else’s welfare. But ‘commitment’ needs special treatment (CWM, p.100): “what if he departs from his personal welfare maximisation (including any sympathy) not through an impartial concern for all, but through a sense of commitment to some particular group, say to the neighbourhood or to the social class to which he belongs?” A Marxist influence is still evident in this early lecture by Sen. The way he proposes to ‘add structure’, however, is to incorporate such possibilities is to have a morally based ranking of the person’s preference orderings; this is not so Marxist.

In Ethics and Economics Sen poses the question thus: “The methodology of so-called ‘positive’ economics has not only shunned normative analysis in economics, it has also had the effect of ignoring a variety of complex ethical considerations which affect actual human behaviour and which .... are matters of fact rather than of normative judgement.” To overcome these limitations, Sen introduces the concept of ‘agency’---
“the ability to form goals, commitments, values, etc.” “While ‘well-being covers the person’s achievements and opportunities in the context of his or her personal advantage, (‘agency’) goes further and examines achievements in terms of other objectives and values as well, possibly going well beyond the pursuit of one’s well-being.” We can recall that Arrow incorporates issues of this type into his social welfare function, saying that it includes values as well as tastes (see chapter 3, section 3.2). But Sen proposes to incorporate them into the individual valuation function in his system. ‘Agency’ as he defines it then becomes one of the elements in the functioning vector. Not only this, he lists the following four categories of information “relevant to a person”: ‘well-being achievement’, ‘well-being freedom’, ‘agency achievement’ and ‘agency freedom’. The well-being aspect is important in assessing issues of distributive justice, but agency is also important. Freedom is a characteristic of the capability sets, as explained in the previous section.

We may note that Sen’s definition of the term ‘agency’ given above is significantly different from the meaning usually given to this term. The Encyclopedia Britannica gives the following definition: “the capacity, condition, or state of acting or of exerting power: operation”. We will come to the significance of this use of the word later on. Having defined the word in his way, Sen then proceeds to make some assertions that distinguish his formulation from the standard consumer theory (E&E, p.61):

--- freedom is intrinsically, not just instrumentally valuable
--- everyone’s agency is not exclusively geared to the pursuit of self-interest
--- the insistence on descriptive homogeneity of the object of value in the form of some quantity of utility is an additional requirement (of the standard theory) which is essentially arbitrary.

Sen is in essence expanding the descriptive scope of the individual’s exercise of choice --- first of a basket of commodities, and then, via the utilisation function, of a functioning vector. The scope of the functioning vector is widened so as to include various aspects of a person’s life that, he asserts, cannot be comprehended by the use of a one-dimensional object of value like ‘satisfaction’ or ‘happiness’.

94
Sen is here distancing himself from certain specific interpretations of the concept of utility, not from the framework of neoclassical consumer theory, which, as becomes clearer in his more recent works, he does accept. Firstly, although earlier writers on consumer theory interpreted ‘utility’ as ‘satisfaction’ or ‘happiness’ ---reflecting, as Sen points out several times, the influence of Benthamite utilitarianism ---modern consumer theory does not need to characterise utility in any such ‘descriptively homogeneous’ manner. He explains the point with his usual lucidity (E&E, p.63): “While in the traditional approach the ordering is supposed to reflect the amounts of a homogeneous object, viz. satisfaction, no such requirement is imposed in more modern versions of consumer theory, in which “utility” is simply the real-valued representation of an ordering (specifically, the one revealed by choice). The ordering of diverse bundles of good characteristics may or may not be problematic in a particular case, but certainly an ordering does not require descriptive homogeneity.” Thus he argues that his richer characterisation of how and why the individual chooses a certain commodity vector can be fitted into the framework of modern consumer theory. In fact, he argues (E&E, p.55) that other ways of judging individual well-being, for example, criteria of ‘objective’ achievement such as fulfilling basic needs, cannot easily be accommodated into the analytical framework of the Arrow-Debreu ‘fundamental theorem of welfare economics’. This theorem demonstrates the efficiency of the market mechanism in attaining efficiency in the sense of Pareto optimality, given certain assumptions. Sen admits in his 1999 book, Development and Freedom (D&F) (p.117) that: “This efficiency achievement is of real importance despite the simplifying assumptions.” In a 1993 paper, “Markets and Freedoms”, he in fact demonstrates “that in terms of some plausible characterizations of substantive individual freedoms, an important part of the Arrow-Debreu efficiency result readily translates from the ‘space’ of utilities to that of individual freedoms, both in terms of freedom to choose commodity baskets and in terms of capabilities to function. In demonstrating the viability of this extension, similar assumptions are employed as are needed for the original Arrow-Debreu results (such as the absence of nonmarketability). With these presumptions, it turns out that for a cogent characterisations of individual freedoms, a competitive market equilibrium guarantees
that no one's freedom can be increased any further while maintaining the freedom of everyone else (our emphasis)."

5.8: What the Capabilities Approach Leaves Out

Thus, Sen's entire construction, inserting functionings and capabilities into the theory of consumer choice, leads to a powerful endorsement of the market mechanism. In fact, he has freed the individual's market behaviour from the stigma of being based on self-interest. The 'person' in his system is a much more full-bodied entity than the 'rational economic man' of traditional neoclassical theory. Under the rubric of the functionings vector we have her values, her commitment to social groups and other motivations; the utilisation function takes care of her situational limitations in translating commodities and their characteristics into functionings; and the capability set represents the extent of her freedom of choice. But I would suggest that the very comprehensiveness of this delineation tends to blur the fact that we are looking at the individual essentially as a consumer. This becomes clear when we look at the interpretation of the concept of capabilities in the writings of humanists like Martha Nussbaum. Sen does nothing to clear up the confusion, just, as we saw earlier, he often allows to pass a blurring of the distinction between Rawls' 'primary goods' and goods in the sense of marketed commodities.

We can trace this aspect of Sen's vision back to the early (1973) Economics of Inequality, where, weighing different justifications for equality in income distribution, he comes down in favour of needs rather than merit. The individual as worker or as producer does not figure at all in his analysis. This is true of consumer theory also, but at least we are clear about this; the abstraction of 'rational economic man' is an abstraction. Sen wants to eat his cake and have it too; he uses, and more recently, explicitly endorses, the apparatus of neoclassical consumer theory based on individual preference, while at the same time he wants his individual to be a descriptively variegated creature. In the neoclassical system, for all its limitations, the individual as worker comes in on the other side of the picture, in production theory.
An oblique comment on Sen’s peculiar omission can be discerned in A.B. Atkinson’s contribution to the 1995 Festschrift in Honour of Amartya Sen, entitled “Capabilities, Exclusion and the Supply of Goods”. He begins by quoting Sen’s observation that relative deprivation in the space of incomes can lead to absolute deprivation in the space of capabilities. He quotes from *Inequality Re-examined* (p.115): “In a country that is generally rich, more income may be needed to buy enough commodities to achieve the same social functioning, such as ‘appearing in public without shame’. The same applies to the capability of ‘taking part in the life of the community.’” Atkinson comments (p.18): “Where the poverty line is explicitly relative......, rising living standards in the community as a whole may lead to a raising of the poverty line in real terms. However, the precise mechanism that relates the necessary income, on the capabilities approach, to the changes in the overall distribution is not spelled out.” He continues (ibid.): “The aim of this paper is to develop further the link between a specified capability and the distribution of income in the society, by introducing an aspect not typically considered: the conditions under which goods are supplied.” Having quoted Sen as asserting “that, in the chain

Commodities $\rightarrow$ Characteristics $\rightarrow$ Capability $\rightarrow$ Utility,

capability best reflects the standard of living, he modifies the chain to read (p.20):

Commodities $\rightarrow$ Activities $\rightarrow$ Capability $\rightarrow$ (Utility).

He then considers the activity of ‘working’, and assumes that a person needs, in addition to time, a certain commodity which enables him to carry out this activity. For our purposes, we need not go into the details of his model, but we only note that here, unlike in Sen’s configuration, (a) the individual is considered in his role of worker, and (b) the links between his purchase of a commodity and its conditions of supply are worked out. Thus, in Atkinson’s model, the links between the person’s capability and the working of the economy are pictured. Sen’s treatment of capabilities in relation to economic development is very different, as we shall see. First we turn to his treatment in C&C of empirial data regarding well-being
5.9: Informational Aspects

Chapter 6 of C&C has the title “Information and Interpretation”. Here Amartya Sen turns to the question of collecting empirical data on the living standard, or well-being. If ‘utility’, ‘opulence’ and ‘functionings’ are three aspects of well-being, three type of data corresponding to them are (i) market purchase data, since conclusion about utility and preference maps of a consumer are drawn from her market purchases; (ii) responses to questionnaires (for example, the questions in the Indian census about the type of residential structure a respondent inhabits), and (iii) non-market observations of personal states, such as nutritional status, literacy, etc.

Sen criticises the use of market purchase data to throw light on well-being in terms of utility. The first point, elaborated on in the previous section, is that utility is related not only to commodities purchased, but also to the choice of functionings. Secondly, many things that give rise to utility are not bought and sold on the market. Then, can market purchase data tell us about a person’s ‘opulence’? Here Sen makes an observation that he has repeated and illustrated several times in his more recent writings on human aspects of development. Market purchase data are usually related to the household as the consuming unit, that is, to the family (p.42): “In fact, individual members of a family do not typically purchase goods and services in the market, at least as far as food, shelter, etc. are concerned. Very often they get these things from sharing what has been purchased for the family as a whole.” Gary Becker may be given credit for drawing attention to these issues, but his assumption of an altruistic (male) head of the household optimally reallocating purchased resources inside the family has been criticised by feminist economists, and Sen says that this may create serious problems if we try to read individual well-being from household market purchases, especially where there is sex bias or neglect of children.

What is interesting about this section of C&C is that Sen is clearly laying the ground for the preparation of something like the Human Development Index. He looks at certain kinds of data which are typically used for estimation of living standards, points to their limitations, and calls for the collection and examination of different kinds of data.
Also, his interest in gender issues is clearly apparent throughout this discussion. He gives an example of the paradoxical results that may be obtained when questionnaires are used as a means of obtaining data about ‘utility’ or happiness, citing a health survey carried out in Calcutta in 1944, soon after the great famine. The survey included questions on people’s perception of their health, in addition to medical examination by doctors. 48.5% of the widowers surveyed reported being ‘ill or in indifferent health’, while only 2.5% of the widows gave this response! He points out that it is not only difficult to get reliable data on food intakes of individuals, but also that it is even more difficult to relate intakes to requirements. For instance, the workloads of women are often underestimated. These examples show that Sen is already in dialogue with feminist economists. He suggests as an alternative that one looks directly at data on functionings. Already, in 1985, he observes that the ratio of women to men in the Indian population (female:male ratio, or FMR) is declining; up to 1980 the gap between life expectancies of men and women had also moved against women. (Since then Indian women’s life expectancy has moved close to that of men, the FMR declined up to 1991, then increased marginally while the FMR for children under five decreased drastically.)

5.10 : Capabilities and the Human Development Index

We have been looking closely at a text of Sen dated in the mid-1980’s, in which his theoretical formulation of the capabilities approach has crystallised into a rigorous mathematical framework. When he takes up the empirical aspects of collecting data on functionings and well-being, we are coming towards the construction of the human development index (HDI). This exercise was taken up by the UNDP from 1990 and has since been continued in the annual publication of Human Development Reports (HDR’s), which have been widely influential in developing countries. The main purpose in bringing out these reports is to present comparative country-wise data on the “human” impact of economic development, to supplement data on GDP. Sen notes in *Inequality Re-examined*, which, of course, was published in 1992, soon after the HDR’s had started to be issued (IR, p.105) :“The concentration on the income space is often hard to avoid given the comparatively greater availability of income statistics rather than other types of data.” The basic components of the HDI, as is now well known, are average life
expectancy as a measure of functioning in health, the percentage of adult literacy, which measures achievement in education, and per capita income corrected for purchasing power parity.

Thus while the concept of capability is contrasted with that of utility in the theoretical framework, the objective of the HDI is to supplement and counterweight the data on incomes, which is widely used for measurement of poverty and inequality as well as being the standard measure of economic development, with some direct evidence on human capabilities.

The late Mahbub-ul-Haq, in his Reflections on Human Development (1999), recounts how the idea of the Human Development Report was born (p. 25): “The human costs of structural adjustment programmes in the 1980’s, undertaken in many developing countries under the aegis of the IMF and the World Bank, had been extremely harsh. That prompted questions about the human face of adjustment and whether alternative policy options were available to balance financial budgets (our emphasis) while protecting the interests of the weakest and most vulnerable sections of society. Fast-spreading pollution started reminding policy-makers about the external diseconomies of conventional economic growth models. At the same time, the strong forces of democracy started sweeping across many lands – from the communist countries to the developing world --- raising new aspirations for people-centred development models.” This was a sobering realisation by an official of the UNDP, and it was promptly put into action. Coming from an economist from within the international development institutional machinery, this initiative has its own objectives; it does not challenge the overall configuration of global economic forces, but attempts to put a “human face” on the structural adjustment programme. Mahbub-ul Haq has been remarkably candid about the circumstances in which the need for such an exercise arose. He sets out the basic aspects of the human development paradigm as follows(p.21):

- Development must put people at the centre of its concerns.
- The purpose of development is to enlarge all human choices, not just income.
• The human development paradigm is concerned both with building up human capabilities (through investment in people) and with using those capabilities fully (through an enabling framework for growth and employment).
• Human development has four essential pillars: equity, sustainability, productivity and empowerment. It regards economic growth as essential but emphasizes the need to pay attention to its quality and distribution, analyses at length its link with human lives and questions its long-term sustainability.
• The human development paradigm defines the ends of development and analyses sensible options for achieving them.

Our earlier reading of Amartya Sen’s writings, especially the more recent ones on capabilities and functionings, suffices to reveal how the influence of his thought runs through the entire conception of the human development paradigm. Mahbub-ul-Haq’s was published in 1999, the same year that Amartya Sen brought out his Development and Freedom. A parallel reading of the two books shows that very similar concerns about development in different countries across the world are expressed by both authors. However, there is a difference worth noting. Haq’s book has a short chapter entitled “The Myth of the Friendly Markets”. It begins (p.140): “The development pendulum is swinging once again, from over-commitment to the public sector to an over-enthusiasm for the private sector.” After analysing some of the reasons for the “over-commitment to the public sector”, and welcoming the “long overdue return to the market”, Haq says (p.141): “One important point: markets are not very friendly to the poor, to the weak or to the vulnerable, either nationally or internationally. Nor are markets free. They are often the handmaidens of powerful interest groups, and they are greatly affected by the prevailing distribution of income.” He then presents some dramatic statistics on how money and wealth have been flowing from the poor to the rich during the 1980’s and 1990’s, and recounts how some of the policy directives of the IMF had disastrous consequences ---in countries like Sri Lanka with previously creditable records on many human development indicators, and in many of . Finally, he calls for the building of ‘social safety nets’ in developing countries opening up their markets to global trade and investment.
Amartya Sen’s book of the same date also has a chapter on the working of markets. Its title is “Markets, States and Social Opportunity”. He, too begins by noting that prevalent opinion has moved sharply in favour of the market mechanism, almost to the point that it has become a superstition. But he immediately follows this by an assertion that the freedom to engage in market transactions is a basic freedom of intrinsic value that should be defended for its own sake, independently of (D&F, p.112) “showing what the culmination outcomes of markets are in terms of income, utilities and so on.” He then gives some examples of curbs on the freedom of markets in the contemporary world; they include slavery in America, labour bondage in Bihar, curbs on freedom of employment in the communist countries, child labour, and denial of freedom to women to work outside the home. This is an interestingly selective, even emotionally loaded, list of examples. It is also in this chapter that Sen presents his theoretical argument that the Arrow-Debreu theorem demonstrating the efficiency of the market mechanism can be applied to his modified view of consumer choice involving choice of functionings, in which the ‘self-interestedness’ of the consumer need not be presumed. We have already commented on this. In the rest of the chapter there are sophisticated and elegant discussions of how the state needs to provide for public goods (with references from Adam Smith), the difficulties of targeting welfare benefits, and, finally, a defence of the contemporary orthodoxy that favours low rates of inflation. Many of these arguments are compelling, and it is not my intention to dispute them here. It is what is not said that is interesting: there is no mention of the immense power of global markets, or the way that they often work against the poor and the vulnerable. While Haq says that, in reality, “markets are not free”, for Sen, the freedom to engage in market transactions is a major component of his conception of freedom. While he gives so many examples of curbs on the market for labour, he does not mention the existence of powerful international barriers against the free movement of labour.

The objective of drawing this comparison between Haq’s and Sen’s treatment of the role and limitations of the market mechanism is to show that, even for two persons who agree on the basic tenets of the human development paradigm, there can be major
differences in emphasis and nuance, and it is Sen who comes out with a more conservative view. His refusal to take note of how power exerts itself through the market mechanism is a serious omission indeed for an economist who has a reputation for being "the conscience of his profession." (This epithet is taken from the Encyclopaedia Britannica's entry on Amartya Sen.)

5.11: Some Conclusions

I would therefore argue that the problem with Sen's conception of capabilities is twofold. On the one hand, his individual is placed within the theoretical framework of neoclassical consumer theory, while the kind of abstraction that that theory makes about the individual as consumer is replaced by a fleshed-out human being with a variety of 'functionings', economic, ethical and social. I have suggested above (section 5.3) that this is a form of nominalism, it presumes that only individuals with all their 'attributes' exist, and there is no meaning to any theory that abstracts some a particular role of the individual as part of a theoretical exercise. Thus both the 'social being' of Marx and the 'rational economic man' of neoclassical theory are negated; but the conclusions of the neoclassical theory regarding the efficiency of the market mechanism are accepted. The problem with this kind of nominalism is that it creates an illusion of universal applicability: who can argue with a notion of human capabilities that takes account of such a wide range of desirable human functionings of the individual? However, because it places this individual within the framework of neoclassical consumer theory, it totally neglects one aspect of human functioning, that is work. The above applies to Sen's proposal of capabilities as an alternative to utilities. On the other hand, in the context of the human development paradigm, and particularly in relation to the construction of the human development index, the concept of human capabilities is posed against that of income as a basis for judgments about inequality. Here again, it is the uses of income to purchase commodities and achieve functionings that is taken into consideration; the work-income connection does not enter the argument at all.

There is also a different kind of problem with any list of human capabilities: is it comprehensive enough? What does it include and what does it leave out? Sen's list of
functionings includes items borrowed from John Rawls, Adam Smith, and feminists. The humanist feminist Martha Nussbaum, in her article “Human Capabilities, Female Human Beings” (in *Women, Culture and Development, ed. Martha Nussbaum and Jonathan Glover*, 1995, which includes an article by Amartya Sen) takes off from Sen’s concept of capabilities to construct a list that claims to be comprehensive and of universal applicability (p. 72): “Here, then, is a sketch for an account of the most important functions and capabilities of the human being, in terms of which human life is defined (my emphasis). The basic idea is that we ask ourselves, ‘What are the characteristic activities of a human being? What does the human being do, characteristically, as such --- and not, say, as a member of a particular group, or a particular local community?’” We are not here concerned with the actual details of what she includes in her list, but with the nature of the project she has undertaken, a project which Sen’s use of the term capabilities seems to support. Later on in the same article (p. 81) she relates this characterization with the objectives of public policy: “we want to describe two distinct thresholds: a threshold of capability to function beneath which a life will be so impoverished that it will not be human at all; and a somewhat higher threshold, beneath which those characteristic functions are available in such a reduced way that, though we may judge the form of life a human one, we will not think it a good human life. The latter threshold is the one that will eventually concern us when we turn to public policy: for we don’t want societies to make their citizens capable of the bare minimum. My view holds, with Aristotle, that a good political arrangement is one ‘in accordance with which anyone whatsoever might do well and live a flourishing life’.”

When the ‘flourishing’ of human capabilities is regarded as the goal of development, we are in danger of running into an unavoidable paternalism. The problem with interpersonal comparisons after one has started with an individual’s own valuation of the ‘good’, is not that they are impossible, but that they are essentially arbitrary, and they have to be justified by appeal to some political theory of justice. It is not at all clear which such theory Sen upholds. In fact there are two aspects of the exercise of denotation of capabilities which are arbitrary in this sense. The point is lucidly made by Susan Wolf in her “Comments on Nussbaum” in the book just cited (p. 111): “Priorities, and possibly
also trade-offs, must be considered, not only among the various functioning capabilities, but also among the people or groups of people in whom they are to be fostered. As we cannot improve all aspects of a community’s life at once, neither can we benefit all segments of the community equally, at least in the short term. We need to develop a way to answer questions about whom to benefit first as well as a way to answer questions about what benefits to provide. It is not clear to me that a theory of human good can or should by itself provide the basis for dealing with these questions. A theory of justice (not necessarily independent of the theory of human good, but also not wholly contained in it) needs to be supplemented and explicitly defended in order to formulate a way to make these decisions.”

The problem of indexing capabilities is mentioned by Sen in several places, but he usually offers the defence that the problems involved should not prevent us from using a capabilities index at all: similar problems arise in the construction of an index of real income, where the choice of weights for the prices of different commodities may be controversial. His solution is to set up an index with transparency about its methodology of construction; it can then be subjected to public debate. T.N. Srinivasan, in an article with the explicit title: “Human Development: A New Paradigm or Re-invention of the Wheel?” quotes Robert Sugden, who, in a review of Sen’s Inequality Re-examined, points out: “The real-income framework includes an operational metric for weighing commodities --- the metric of exchange-value.” This recalls our criticism of Sen’s nominalist approach earlier in this section; while he rejects the kind of abstraction made by neoclassical consumer theory, he echoes this theory’s treatment of choice by individual consumers. Marx, on the other hand, makes a clear distinction between use-value and exchange-value; while the former is the condition for the latter to arise, it is only through exchange-value that commodities enter into a process of value-comparison. Srinivasan makes a further relevant point (p.241): “The only conceptually appropriate metrics for valuing functionings and capabilities have to be personalised prices or values, namely, sets of values that are specific to the situation, location, time and state.” In Sen’s system, as we have seen, they are even specific to the individual. And thus Srinivasan’s question about using a capability-based index for international comparisons
is even more valid for Sen’s functioning-vector approach, though his formulation has problems which we will not go into here: “whether the HDI is an internationally comparable ‘measure of people’s ability to live a healthy life, to communicate and participate in the life of the community and to obtain a decent living’ (UNDP, HDR 1993, p.104) is arguable.” Sanjay Reddy has, incidentally, recently raised questions about the use of a purchasing-power-parity-based index of real income to make international comparisons of poverty.

The issue of paternalism in going from an individual valuation function to interpersonal comparisons of capability is a slightly different one. Jonathan Glover, in “The Research Programme of Development Ethics”, an article in the book edited by Martha Nussbaum cited above, makes this point (p.123): “One of the arguments for looking at capabilities rather than welfare is of particular relevance to many Third World women. If utility is a matter of people getting what they want, people’s desires may be so shaped by their situation that their satisfaction is a poor guide to justice….. It is an argument related to the Marxist conception of ‘false consciousness’: people’s actual desires do not always reflect their real interests or needs. Clearly there are problems about how people’s needs are to be identified….. dangers in too ready a willingness to ‘correct’ people’s actual desires in the light of some view about their ‘real’ interests.” We will return to this question when we discuss Sen’s treatment of women’s ‘agency’ in the next chapter.

Notes:

1. A very interesting class-based account of the Bengal famine is given by the economic historian Indivar Kamtekar.
References: