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# A Balanced View of Development as Freedom\*

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## Abstract

Amartya Sen, in his most recent book *Development as Freedom*, argues that expansion of human freedom should both be viewed as the primary *end* and the principle *means* of development. This paper provides an overview and a critical scrutiny of the Senian perspective from the point of view of an economist. First, I discuss to what extent Sen's normative theory of development justifies a particular focus on inequality and poverty. Second, I look at Sen's perspective on democratic reasoning as the constructive vehicle for valuational exercises, and in particular how this perspective fits with the recent human development framework of UNDP. Third, I discuss the relevance of markets within the freedom approach, and fourth I review some of the most important empirical interconnections between different freedoms studied by Sen.

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# 1 Introduction

We all think of development as the movement towards a better and more just society. But what does this really mean? In order to elaborate on such a question, we need to approach fundamental issues within moral and political philosophy. What is good for a person? What is a good society? However, many people think that such a discussion is a mistake, at least if we want to *contribute* to development in the real world. They believe that all important practical problems of development are related to the choice of means in order to attain well-established aims, and that any further elaboration on the aims of development is futile for practical purposes.

Amartya Sen's book *Development as Freedom* shows that this view is mistaken.<sup>1</sup> Sen presents an impressive blend of philosophical, economic and practical reasoning that once and for all should demonstrate how further understanding of the aims of development can enrich our practical debate on the appropriate means of development. Sen organizes the discussion on how to understand and deal with (among other things) poverty, famines, population growth, unemployment, and gender inequality around a particular philosophical position, which is that the aim of development is to expand human freedom. And he illustrates how this position differs from standard views on development, and why these differences matter in real life.

Even though one might disagree with some aspects of Sen's perspective, we should all embrace the general lesson of this book: Avoid slogans and narrow interpretations in any debate on development issues. Unfortunately, one sometimes gets the feeling that this general lesson is not applied by all when interpreting and discussing Sen's ideas and suggestions. In particular, many academics and practitioners seem to consider Sen as the economist that saved the world from economics, where it is assumed that economics is not at all about poverty, inequality, justice, and fairness. That is of course wrong. The economic profession has always considered distributive issues of greatest importance, as illustrated by the following quote from one of the grandfathers of economics.

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<sup>1</sup>The book is based on five lectures given at the World Bank during the fall of 1996 and spring of 1997. Many of the topics discussed in this book have been extensively studied by Sen in a number of other books and articles, as indicated in the footnotes of the book. For further references, see also Basu, Pattanaik and Suzumura (1995), who provide bibliographical data of Sen's work until 1993.

“I would add one word for any student beginning economic study who may be discouraged by the severity of the effort which the study...seems to require of him. The complicated analyses which economists endeavour to carry through are not mere gymnastic. They are instruments for the bettering of human life. The misery and squalor that surround us, the injurious luxury of some wealthy families, the terrible uncertainty overshadowing many families of the poor-these are the evils to plain to be ignored. By the knowledge that our science seeks it is possible that they may be restrained. Out of the darkness light! To search for it is the task, to find it perhaps the prize, which the 'dismal science of Political Economy' offers those who face its discipline” (Pigou, 1960, p. vii).

This is also underlined by Sen, who argues that “economists as a group cannot be accused of neglecting inequality as a subject” (Sen, 1999a, p. 107).<sup>2</sup> Certainly, Sen has contributed enormously to this work within economics, by attracting attention to important problems of injustice and by broadening the framework of welfare economics. But we should apply his perspective with care. And in the spirit of Sen’s own work, the aim of this paper is to provide a balanced discussion of his perspective on development. What is really the implication of viewing “[e]xpansion of freedom both as the primary *end* and as the principal *means* of development” (op.cit, p. xii)? In Section 2, I stress that Sen’s normative *theory* of development does not necessarily justify a particular focus on inequality and poverty in the development process. Sen has chosen to apply his framework on these problems, but that is not the same as providing a *justification for* a poverty- or inequality-orientated perspective. According to Sen’s own view, any such justification has to be based on democratic reasoning, and I provide a discussion of this idea and how it relates to the human development approach of UNDP in the second part of Section 2. In Section 3, I discuss the relevance of markets within the freedom approach and provide a review of Sen’s claim that the expansion of individual freedom is the principal *means* of development. Section 4 contains some concluding remarks.

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<sup>2</sup>In the rest of the paper, I will only provide the page references if the quotation or reference is from *Development as Freedom*.

## 2 Individual freedom as the end of development

The evaluation of any process of development would have to take place at two levels - the individual and the aggregate.<sup>3</sup> We have to make clear whether the process has contributed to the improvement in the lives of people (*the individual level*), and how to aggregate the claims of different individuals (*the aggregate level*). If there is no conflict between people, we have a trivial problem of evaluation. Economists would endorse such a process by reference to the Pareto principle, but there is a danger of using this concept because it is often connected to a particular - and not uncontroversial - way of evaluating the situation of individuals (to wit, on the basis of preference satisfaction). For that reason, Broome (1991) has suggested a more general principle, *the Principle of Personal Good*. This principle states that society A is better than society B if everyone is better off (according to the appropriate standard) in A than B, and hence can be used to justify a friendly process of development. Most people endorse the Principle of Personal Good (though there are exceptions discussed in Tungodden (2001)), but I guess many will question the practical relevance of this principle. In general, we think there are gainers and losers of different development policies, and thus there is a need for a justifiable resolution of the distributive conflict.

How might Sen's capability approach assist us on this fundamental issue? Is it possible to use his theory *to justify* a particular focus on the problem of poverty or distributive problems more generally, as many people seem to think? Immediately, it is not obvious how that should be done. Sen's theory is mainly concerned with the individual level of analysis (that is, with the choice of evaluative space), and thus leaves open the question about how to deal with conflicts. He argues that individual claims are to be assessed in terms of *the freedoms they actually enjoy to choose the lives that they have reason to value* (p. 74). In order to develop this view, he introduces the concepts of capabilities and functionings.<sup>4</sup>

“The concept of ‘functioning’, which has distinctly Aristotelian roots, reflects the various things a person may value doing or being. The valued

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<sup>3</sup>In this discussion, I do not take into account how to deal with nonhuman aspects of development.

<sup>4</sup>These concepts were first introduced in Sen (1980). See Robeyns (2000) for an extensive overview of Sen's writing on this topic.

functionings may vary from elementary ones, such as being adequately nourished and being free from avoidable disease, to very complex activities or personal states, such as being able to take part in the life of the community and having self-respect.

A person's 'capability' refers to the alternative combinations of functionings that are all feasible for her to achieve. Capability is thus a kind of freedom: the substantive freedom to achieve alternative functioning combinations (p. 75).

But this does not seem to inform us about the relative importance of capability poverty and inequality in an overall evaluation of a distributive conflict. And as stressed by Sen (1982, p. 369) himself, the capability approach can be used in many different ways, including a way similar to utilitarianism (which would not assign any particular importance to the alleviation of capability poverty and inequality).

The discussion in *Development as Freedom* might on some occasions be confusing in this respect. Sen often chooses to contrast the capability approach with a focus on economic growth (see for example pp. 36-37, p. 150, p. 285, and pp. 290-291), and this might to some readers give the impression that there is a choice to make between *the distributive insensitive income approach* and *the distributive sensitive capability approach*. This is of course wrong and certainly not Sen's message (see p. 39). Sen has made prominent contributions to *income* poverty measurement (Sen, 1976) and *income* inequality measurement (Sen, 1973), and such measures can easily be included in an overall *distributive sensitive income approach*. Actually, according to Sen (1992, p. 146), the income approach can be made *too* distributive sensitive, if we adopt the Rawlsian perspective (within the income space) and only focuses on the interests of the worst off.<sup>5</sup> Hence, the reason for moving beyond the income approach is *not* to develop a more distributive sensitive conception of development, but to establish a normative framework that deals with the aspects of people's lives that are of intrinsic value. Sen's claim is that functionings are *constitutive* of a person's being (Sen, 1992, p. 39), and it is on this basis he suggests the move from the income space to the capability space.<sup>6</sup>

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<sup>5</sup>See Rawls (1971, 1993). I discuss the Rawlsian perspective in more detail in Tungodden (1996, 1999).

<sup>6</sup>This might seem like a reasonable move. However, it has been contested by among others Rawls (1993), who argues that any *political* conception of justice should refer to an idea of rational



However, there is a *motivational* link between the capability approach and a particular focus on the problem of poverty (see pp. 91-92). We do not care about the poor because they lack income *per se*, but because they are unable to do and be certain basic things of intrinsic value (like unable to move around, meet nutritional requirements, be sheltered, clothed, educated, and so on). And most people consider the lack of these basic capabilities as having particular urgency in an evaluation of the development process. In that sense, by clarifying a framework that captures the aspects of a person's situation underlying our particular concern for the poor, the capability approach provides a needed motivational basis for a focus on poverty when solving distributive conflicts. But notice that this is *not* the same as providing a justification for a focus on poverty in the development process. This job cannot be done simply by adopting the capability approach, which should be kept in mind when applying Sen's framework.

What about the utilitarian perspective, often adopted by welfare economists? Does not this deal with what is intrinsically valuable for people? Sen (p. 62) rejects the traditional utilitarian ethics taking happiness as the point of departure for two reasons. First, he finds it a too narrow interpretation of well-being. Happiness does not alone constitute a person's being, and thus there is a need for taking into account other valuable functionings. Second, he questions the importance of an aspect of a person's life that is easily swayed by adaptive attitudes.

“Our desires and pleasure-taking abilities adjust to circumstances, especially to make life bearable in adverse situations. The utility calculus can be deeply unfair to those who are persistently deprived: for example, the usual underdogs in stratified societies, perennially oppressed minorities in intolerant communities, traditionally precarious sharecroppers living in a world of uncertainty, routinely overworked sweatshop employees in exploitative arrangements, hopelessly subdued housewives in severely sexist cultures. The deprived people tend to come to terms with their deprivation because of the sheer necessity of survival, and they may, as a result, lack the courage to demand radical change, and may even adjust

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advantage that is independent of any particular comprehensive account of the good. Rawls does not reject the possibility that betterness should be evaluated in the capability space, but defends a focus on instrumental aspects (like income) if justice is the subject of our problem. For a further discussion of this issue, see Brun and Tungodden (2000).

their desires and expectations to what they unambitously see as feasible. The mental metric of pleasures or desire is just to malleable to be a firm guide to deprivation and disadvantage (pp. 62-63)".

If we consider again our particular concern for poverty, then this seems to be a fair position to take. Unhappiness does not capture all our reasons for wanting to alleviate poverty, even though it is certainly part of the picture.

However, the modern interpretation of utility among economists is that utility is a representation of individual preferences and not a measure of happiness. And we might wonder whether this approach faces the same problems as the hedonistic version of utilitarianism. In one respect, it does. Our preferences are also swayed by adaptive attitudes, and hence we might on some occasions wonder whether people's preferences ought to be a firm guide for evaluative purposes. I guess most people accept that there are certain cases where we should overrule an individual's preferences, but I will not pursue the hard question about where to draw the line. I should rather like to point to the fact that the modern interpretation of utility might avoid the criticism of being a one-track approach to well-being. In particular, if we define individual preferences in the functioning space, then the utility framework meets Sen's demand for a broad approach to our understanding of well-being. The only thing we add to the Senian approach by adopting the utility framework is then an understanding of how to evaluate different bundles of functionings when making *intrapersonal* evaluations.

However, as pointed out by Sen (p. 78), this does not take us very far with respect to *interpersonal* comparisons of well-being. For that purpose, we have to make the further statement about how to compare different bundles of functionings for *different people with different preferences*. Hence, even if we should accept the standard view of modern welfare economics where we endorse people's preferences (defined in the space of functionings), we face a further problem about how to incorporate such a view in a more general normative theory. This problem is not solved by the capability approach. Sen stresses that "the capability perspective is inescapably pluralist" (p. 76). It allows for a number of possible interpretations, and therefore makes *explicit* the valuational exercise needed in order to reach a conclusion in any particular case. And he views this as one of the main merits of the capability approach, which should be contrasted with for example the use of an implicit metric in the income approach. The implicit metric of the income approach

is market prices, and Sen is worried about the seemingly common assumption that this is “an ‘already available’ metric that the society can immediately use without further ado” (p. 80). Sen is rightly pointing out the fact that the use of market prices also needs to be defended, and the appropriateness of this metric will depend on the purpose of the evaluative exercise. If our concern is to attain a measure of a person’s freedom to choose different combinations of commodities available in the market, then market prices is a good guide. But beyond that, we should apply these prices with care.

In conclusion, I think it is correct to say that the main contribution of the capability approach is to establish a reasonable “framework of thought, a mode of thinking” (Robeyns, 2000, p. 3) on the ends of development. The capability approach does not provide us with any formula on how to establish conclusions on the individual or the aggregate level, but forces us more generally to direct ourselves to the aspects of people’s lives that are constitutive of people’s being when evaluating development processes (p. 286). It turns out that this move can be of much importance. In *Development as Freedom*, Sen illustrates this by considering (among other things) gender inequality. The simple and clear message provided by the capability approach is to move beyond an evaluation of these phenomena in any narrow term (like income or hedonistic) and work with the real reasons for our worries. We cannot fully express our concern for gender inequality in Asia and North Africa by looking at income statistics, but need to consider demographic, medical and social information as well. And one of the most important practical contributions of the capability approach was Sen’s paper “Missing Women” in *British Medical Journal* in 1992, where he used female-male ratios in different countries to point out that more than 100 million women may be seen as “missing” in these countries (that is, “missing” in the sense of being dead as a result of gender bias). This aspect of the development process would not easily be captured by any other mode of thinking, I would say, and shows the essential importance of evaluating and expressing the development process in the language of the capability approach. Similarly, Sen illustrates in *Development as Freedom* the usefulness of the capability perspective when comparing for example the situation of American blacks with the life of low income Indians in Kerala (p. 22) and when trying to grasp the nature of deprivation and poverty in India and sub-Saharan Africa (pp. 101-103).

However, notice that Sen is not at all rejecting the practical importance of the

income approach. Even though the capability approach has merits compared with income on the foundational level, Sen certainly acknowledges that income often is the major cause of capability deprivations and hence that, in studying poverty, “there is an excellent argument for *beginning* with whatever information we have on the distribution of income, particularly low real incomes” (p. 72). Moreover, Sen stresses that “[s]ome capabilities are harder to measure than others, and attempts at putting them on a ‘metric’ may sometimes hide more than they reveal” (p. 81).

Even though all this seems reasonable, we might want to move beyond using the capability approach only as a mode of thinking and seek more precise conclusions *within* this framework. For this purpose, we need to select weights both at the individual level and aggregate level, and it is of much interest to notice how Sen wants us to proceed in this respect.

“However, in arriving at an “agreed” range of *social evaluation* (for example, in social studies of poverty), there has to be some kind of reasoned ‘consensus’ on weights, or at least on a range of weights. This is a ‘social choice’ exercise, and it requires public discussion and a democratic understanding and acceptance...There is an interesting choice between ‘technocracy’ and ‘democracy’ in the selection of weights, which may be worth discussing a little. A choice procedure that relies on a democratic search for agreement or consensus can be extremely messy, and many technocrats are sufficiently disgusted by its messiness to pine for some wonderful formula that would simply give us ready-made weights that are ‘just right’. However, no such magic formula does, of course, exist, since the issue of weighting is one of valuation and judgment, and not one of some impersonal technology” (pp. 78-79).

Sen views democratic reasoning as the constructive vehicle for reaching conclusions within the capability approach, and he makes the methodological case “for emphasizing the need to assign explicitly evaluative weights to different components of life (or of well-being) and then to place the chosen weights for open public discussion and critical scrutiny” (p. 81).

In this respect, it is of some interest to evaluate the construction of human development indices by UNDP (1990-1999), which has been considered “one of the best illustrations of the *usefulness* of the capability approach” (Robeyns, 2000, p.

23). These indices are formulas that assign specific weights to different components of life (in the case of the Human Development Index (HDI), it takes into account health, education, and income), and thus the Senian methodology demands open public discussion and critical scrutiny of the choice of criteria in order to make such an index useful. To my knowledge, this has not happened. Of course, people have suggested that the indices should be broadened and incorporate other aspects of life as well (see for example Dasgupta, 1993), but there has been as far as I know no open public discussion on the reasonableness of the relative weights assigned to the different dimensions of these indices. And it is easy to see why in the case of for example HDI. Even though it is certainly possible to calculate the implicit weights in this index, this is far from easy work. It is rather straightforward to find the implicit weights assigned to aggregate partial indices in HDI, like life expectancy, but in general I find it hard to do a meaningful valuational exercise at this level of analysis. By combining life expectancy and GNP in an aggregate index, we assign a particular economic value to *a human life*, and it is the reasonableness of this value that should be determined by democratic reasoning. However, it is rather demanding to calculate the implicit value assigned to a human life in HDI for any specific country, and as a result the relevant weights have not been made explicit in public debates as demanded by Sen's methodology.

This is not to say that the human development project of UNDP has not broadened our understanding of development. It has, and maybe the indices have been a necessary political instrument for this purpose. Sen certainly seems to think so.

“These aggregate indices have tended to draw much more public attention than the detailed and diverse empirical pictures emerging from the tables and other empirical presentations. Indeed, getting public attention has clearly been a part of UNDP's objective, particularly in its attempt to combat the overconcentration on the simple measure of GNP per head, which often serves as the only indicator of which public take any notice. To compete with the GNP, there is a need for another - broader - measure with the same level of crudeness as the GNP” (p. 318).

Be that as it may. In my view, these indices have not contributed to the process of social evaluation suggested more generally by Sen, where the outcome is a result

of an open public discussion and critical scrutiny. And I think it is unfortunate that many people have endorsed the suggested human development indices only because they represent a step away from narrow economic indicators. In order to see whether these indices actually work better than GNP (or maybe a distributive sensitive aggregate income measure), we would have to evaluate the reasonableness of the implicit weights. Of course, we can immediately agree that a broader index is better in cases where there is *no conflict* between the different dimensions (if we accept that all dimensions are valuable), but I guess the interesting cases are when we experience a conflict. And then it is far from obvious that we always should endorse the conclusions of the broader index. It all depends on the reasonableness of the weights.

There is another problem with HDI as well, and that is that it might give the impression of a need for exact conclusions when evaluating development processes. The index provides a precise ranking of all countries, and we may wonder whether such a fine-tuned approach is really necessary when working with the most pressing problems in the world of today. According to Sen, it is not.

“It is also important to recognize that agreed social arrangements and adequate public policies do not require that there be a unique ‘social ordering’ that completely ranks all the alternative social possibilities. Partial agreements still separate out acceptable options (and weed out unacceptable ones), and a workable solution can be based on the contingent acceptance of particular provisions, without demanding complete social unanimity.

It can also be argued that judgments of ‘social justice’ do not really call for a tremendous fine-tuning precision: such a claim that a tax rate of 39.0 percent is just, whereas 39.6 would not be (or even that the former is ‘more just than’ the latter). Rather, what is needed is a working agreement on some basic matters of identifiably intense injustice or unfairness.

Indeed, the insistence on the completeness of judgments of justice over every possible choice is not only an enemy of practical social action, it may also reflect some misunderstanding of the nature of justice itself. To take an extreme example, in agreeing that the occurrence of a preventable famine is socially unjust, we do not also lay claim to an ability

to determine what *exact* allocation of food among all the citizens will be ‘most just’. The recognition of evident injustice in preventable deprivation, such as widespread hunger, unnecessary morbidity, premature mortality, grinding poverty, neglect of female children, subjugation of women, and phenomena of that kind does not have to await the derivation of some complete ordering over choices that involve finer differences and puny infelicities. Indeed, the overuse of the concept of justice reduces the forces of the idea when applied to terrible deprivations and inequities that characterise the world in which we live. Justice is like a cannon, and it need not be fired (as an old Bengali proverb puts it) to kill a mosquito” (pp. 253-254).

Hence, as I see it, HDI and like indices are also in this respect in some conflict with Sen’s more general methodology, and thus we might wonder whether it is a good strategy to introduce them in the debate (even though they may contribute to attract public attention to an important broadening of the development perspective).

Let me close this section by some further comments on the link between Sen’s approach and democratic reasoning. It should by now be clear that Sen views democratic reasoning as a prerequisite for any conclusion on valuational exercises. This should not be misunderstood as saying that there is no need for suggestions by ‘technocrats’ on this issue. The point is simply that the status of any particular view must depend on its acceptability to others (p. 79). But we might still wonder whether Sen attaches too much importance to democracy, in particular in light of cultural differences. Is Sen imposing a Western way of doing things?

Sen strongly defends democracy as a universal value, and he actually considers the rise of democracy the most important thing that happened in the twentieth century (Sen, 1999b). Moreover he rejects the conventional monolithic interpretation of Asian values as hostile to democracy and political rights. He shows that this is based on a too narrow understanding of Asian values, and in his characteristically illuminating way illustrates the need for a nuanced interpretation of Confucianism, Islamic, and Indian thinking. Within all these cultures, important authors have expressed the need for political and religious tolerance, freedom, and diversity. In conclusion, he rejects the view that there is a need to abandon democracy as a universal value because there exist authoritarian writings within the Asian tradition.

“It is not hard, of course, to find authoritarian writings within the Asian traditions. But neither is it hard to find them in the Western classics: One has only to reflect on the writings of Plato or Aquinas to see that devotion to discipline is not a special Asian taste. To dismiss the plausibility of democracy as a universal value because of the presence of some Asian writings on discipline and order would be similar to rejecting the plausibility of democracy as a natural form of government in Europe and America today on the basis of the writings of Plato or Aquinas (not to mention the substantial medieval literature in support of the Inquisitions)” (Sen, 1999b, p. 15).

Notice that Sen does not only value democracy on the basis of the constructive role he thinks it should play when making social evaluations, but also because he sees the political and social participation realised by democratic institutions as valuable in itself for people. Still I believe that the constructive part is of particular importance in the Senian framework, as can be illustrated by considering somewhat further the way he deals with the possible causal link between democracy and economic growth. Sen does not accept the empirical claim that authoritarian regimes seem to foster more growth, but at the same time he argues that “this way of posing the question tends to miss the important understanding that these substantive freedoms...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” (p. 5). It is not hard to agree with that, but we might still wonder whether we should accept a trade-off between the economic dimension and the political dimension if it turns out (contrary to what Sen believes) that authoritarian regimes actually contribute more effectively in the economic dimension.<sup>7</sup> Within Sen’s framework, however this would be an ill-posed problem, because the choice of any such trade-off is a valuational exercise that need to be established by democratic reasoning.

In sum, the main message of the capability approach is that the normative basis of development should deal with what is intrinsically valuable for people - human freedom - and by insisting on this Sen has forced the debate to take into account

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<sup>7</sup>This question has been a central issue more broadly within political philosophy, as a response to the framework of Rawls (1971) where political freedom is assigned absolute priority. Rawls (1993) provides a response to this criticism.



a much broader spectrum of *problems* than what has frequently been dealt with in welfare economics and development analysis more generally. Of course, many of the topics raised by Sen have been suggested by others as well on different occasions, but by introducing an organising concept like human freedom Sen has moved considerations on civil and political rights, social exclusion, intrahousehold discrimination, gender inequality, mortality and morbidity rates, and so on to the center of the stage of the development discussion. Beyond that, the approach does not offer us evaluative conclusions, which Sen leaves to the democratic debate to establish. However, by recognising the diversity of components constituting human freedom, Sen has also made us aware of the fact that the set of *solutions* to development problems is much broader than frequently conceived, and we now turn to a discussion of this issue.

### **3 Individual freedom as the principal means of development**

Economists consider competitive markets instrumentally valuable, because they often contribute to a Pareto *efficient* allocation of goods in society. But *no* economist would immediately accept that competitive markets guarantee *a just or good* allocation. Actually, as shown formally by Coles and Hammond (1995), an allocation of resources might be Pareto efficient even if some people do not survive, because to allow for more survival would require sacrifices from some of those who are fortunate enough to be able to survive anyway. Hence, it is obvious that the invisible hand of Adam Smith does not deal with the problem of redistribution in a sufficient manner, and thus economists have for a long time studied possible ways of redistributing income. In addition, economists have recognised and extensively studied the presence of both market failures (with respect to efficiency) and government failures (with respect to interventions), and hence I think it is fair to say that the economic profession in general have a rather nuanced picture of many of the fundamental institutional problems facing societies in the modern world. So what does Sen add to this picture in *Development as Freedom*?

First of all, it is important to notice that Sen does not at all reject the standard economic argument in favour of the market mechanism. Actually, Sen points out

that the well-known Arrow-Debreu efficiency result translates from the “space” of utilities to that of individual freedoms.<sup>8</sup>

“[I]t turns out that for a cogent characterisation of individual freedoms, a competitive market equilibrium guarantees that no one’s freedom can be increased any further while maintaining the freedom of any one else” (p. 117).

However, within the freedom perspective of Sen, this efficiency argument is only part of the story. The more immediate argument in favour of the market system is that it represents a basic freedom of people, as also was pointed out a long time ago by Adam Smith.

“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 the favourable 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” (p. 6).

In other words, Sen’s reasoning is not at all against the use of the market mechanism. On the contrary, Sen stresses the fact that the freedom to enter markets can itself be an important contribution to development, as in the presence of bonded labour, the denial of women’s opportunity to seek employment outside the family, and so on.

Of course, Sen underlines the need for a critical scrutiny of the role of the market in different circumstances, but this is very much in line with the standard view of

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<sup>8</sup>This is formally established in Sen (1993).

modern economics.<sup>9</sup> Where Sen differs from much of conventional economics is that he embraces a broader set of nonmarket institutions as important for development.

Sen considers five types of freedoms essential for development: political freedoms, economic facilities, social opportunities, transparency guarantees and protective security.<sup>10</sup> And he argues that there are empirical interconnections between these freedoms that make the expansion of individual freedom the principle *means* of development (p. 4). In other words, individual freedom in one valuable dimension is not only of constitutive importance, but might also be an engine of further development because it often contributes to more individual freedom in other valuable dimensions. Of course, in some cases we might experience a conflict between the freedoms of different people, and then we need a further valuational exercise in order to make a definite evaluative conclusion. But when exploring the empirical interconnections in *Development as Freedom*, Sen is not particularly concerned with this issue, either because he assumes that everyone gains from a particular interconnection or because he deals with a conflict where he thinks it is obvious what is the right step forward.

I doubt that many people will disagree with the general claim that there are empirical interconnections between the different dimensions of freedom outlined by Sen. Hence, in order to see the value of his reasoning in this respect and how it has broadened our thinking on development issues, there is a need for looking at particular interconnections explored in Sen's work. In my view, the most important link enlightened by Sen is between political freedom and protective security in famine situations.<sup>11</sup> Markets and nature play fundamental roles during famines (as illustrated by the studies of both Sen (1981) and Ravallion (1987)), but Sen has also shown us the need for a much broader understanding of the causes of famine. In

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<sup>9</sup>Also in this respect, Sen relates his work to the views of Adam Smith, who neither hesitated to propose restrictions in order to regulate the market (p. 124).

<sup>10</sup>“*Political freedoms*...include the political entitlements associated with democracies in the broadest sense...*Economic facilities* refer to the opportunities that individuals respectively enjoy to utilize economic resources for the purpose of consumption, or production, or exchange...*Social opportunities* refer to the arrangements that society makes for education, health care and so on...*Transparency guarantees* deal with the need for openness that people can expect: the freedom to deal with one another under disclosure and lucidity...The domain of *protective security* (my emphasis) includes *fixed* institutional arrangements such as unemployment benefits and statutory income supplements to the indigent as well as ad hoc arrangements such as famine relief or emergency public employment to generate income for destitutes” (Sen, 1999, pp. 38-40).

<sup>11</sup>An extensive account of this work can be found in Sen (1981) and Drèze and Sen (1989).

particular, Sen has stressed the empirical observation that “no substantial famine has ever occurred in any independent country with a democratic form of government and a relatively free press” (p. 152). According to Sen, there are two main reasons for this. First, democracy provides the political incentives to try to prevent any threatening famine, and second a free press contributes to establish the relevant information for famine prevention.

The fact that political freedom may enhance economic freedom for the poor is of course not news within political economy, and the key role of the media in informing the electorate has also been recognised for a long time (particularly within political science). Hence, the most important part of Sen’s contribution in this respect is the precise empirical content of his argument, and the fact that this observation - as an early contribution to modern political economy - made economists and other social scientists again aware of the need for broadening their analyses of famines in particular and distributive issues more generally. This message has been taken by much recent work within political economy, even though little attention is still paid to the exact link between the role of news media in influencing policy (an exception being the interesting study of government responsiveness in India by Besley and Burgess (2000)).

Another important interconnection explored by Sen is the link between the freedom of women (in different dimensions) and development. We have already mentioned the importance of studying gender inequality from the capability perspective in order to capture the enormous inequalities in well-being between males and females in some countries. But Sen is also concerned with another aspect of women’s situation, to wit women as “dynamic promoters of social transformation that can alter the lives of *both* women and men” (p. 189). In order to analyse this, Sen makes the distinction between the *well-being aspect* and the *agency aspect* of a person, where the agency role recognizes people as responsible: “not only are we well or ill, but also we act or refuse to act, and can choose to act one way rather than another” (p. 190).<sup>12</sup>

In *Development as Freedom*, Sen discusses a number of different implications following from adding voice to women’s voice and agency. Let me provide some examples. First, he points at the rather immediate interconnections between different

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<sup>12</sup>For an extensive general discussion of the underlying philosophical distinction between these two aspects, see Sen (1985).

dimensions of a woman's freedom, as for example how the ability to find employment outside home and ownership rights may enhance the social standing of a woman in the household and the society. Second, he stresses how women's empowerment tend to reduce mortality rates, gender bias among children, and fertility rates. And third, he argues that there are interesting statistical findings indicating that women's participation in social life might reduce the presence of violent crimes in society. In sum, he argues that "[t]he extensive reach of women's agency is one of the more neglected areas of development studies, and most urgently in need of correction. Nothing, arguably, is as important today in the political economy of development as an adequate recognition of political, economic and social participation and leadership of women. This is indeed a crucial aspect of 'development as freedom'" (p. 203).

There is no doubt that Sen's work on women's situation has been an extremely vital correction to the conventional thinking on development, as the vast literature initiated by his thinking on these issues also proves. But it is also important to recognize that many of the agency aspects analysed by Sen can be fruitfully explored *within* the framework of modern economic theory. The literature studying gender divisions within the family as a "bargaining problem" is a case in point, as is the statistical study of Murthi, Guio, and Drèze (1995) discussed extensively by Sen. This is not to say that everything of interest on women's agency can be captured by economic reasoning. For example, economic theory is not well suited to deal with how women's agency influence value formation within the family and in society more generally, and hence there is undoubtedly a need for a many-sided approach to this crucial issue. Within this broader framework, though, I believe that economic reasoning will play an essential role in explaining how the empowerment of women will contribute to development.

Sen discusses a number of other interesting empirical interconnections in *Development as Freedom*. He looks at how social opportunity has enhanced economic development in parts of East Asia, how essential interconnections between literacy, health, and land distribution have established protective security in Kerala, how the absence of transparency freedom played an essential role in the emergence of the Asian financial crisis, and so on. It is beyond the scope of this paper to consider all the contributions of Sen, and hence I should like to end this section by stressing another main message that Sen sees emerging from his empirical work. By understanding the broad set of interconnections between different individual freedoms,

which are established and shaped by the choice of institutions in society, we should also see the need for an integrated approach to development analysis.

“To see development as freedom provides a perspective in which institutional assessment can systematically occur.

Even though different commentators have chosen to focus on particular institutions (such as the market, or the democratic system, or the media, or the public distribution system), we have to view them together, to be able to see what they can or cannot do in combination with other institutions. It is in this integrated perspective that the different institutions can be reasonably assessed and examined” (Sen, 1999, p. 142).

It is undoubtedly important to have in mind the need for an integrated view when studying the organization of society, but we should also be aware of the problem of this approach as a framework for research. By trying to capture “everything”, we might find it hard to establish precisely anything. Of course, Sen has for a long time stressed (more generally) that it is better to be vaguely right than precisely wrong (see for example Sen, 1987, p. 34). True enough, but it is also much better to be (if possible) precisely right than vaguely wrong. And that is, I guess, why economists often choose to narrow their framework. By considering a piece of the overall problem, we might be able to draw some firm conclusions and reject some initial vague thoughts. In doing this, we might easily forget the need for interpreting our results in a broader integrated context, and Sen’s message is important in that respect. But the piecemeal approach to research (which of course Sen has followed on many occasions) has also advantages that should be taken into account when doing development analysis.

## 4 Concluding remarks

Sen has a vision of how modern science can be used to overcome the many challenges facing the modern world of today, and this vision is beautifully outlined in *Development as Freedom*. Sen believes in reasoned social progress, where our choices are based on reasons that identify and promote better and more acceptable societies. He

suggests that the concept of human freedom should be the organizing principle of such an approach, and illustrates how this framework can improve the development debate in many important ways.

Economists have a lot to learn from Sen's vision. But as an economist I should also like to stress the importance of recognising that economic theory and economic research is an essential part of Sen's framework. Sen has broadened our understanding of how to do descriptive, positive and normative analysis, and by doing this he has enriched - but not at all abandoned - economics. He has also shown economists the importance of an integrated and interdisciplinary approach to development. But I believe that it is equally important that non-economists pursue the many contributions within economics underlying the discussion in *Development as Freedom*. It is only by a broad recognition of the importance of interdisciplinary reasoning that we can really recognize the value of considering development as the expansion of human freedom.

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# Summary

Amartya Sen, in his most recent book *Development as Freedom*, argues that expansion of human freedom should both be viewed as the primary *end* and the principle *means* of development. This paper provides an overview and a critical scrutiny of the Senian perspective from the point of view of an economist. First, I discuss to what extent Sen's normative theory of development justifies a particular focus on inequality and poverty. Second, I look at Sen's perspective on democratic reasoning as the constructive vehicle for valuational exercises, and in particular how this perspective fits with the recent human development framework of UNDP. Third, I discuss the relevance of markets within the freedom approach, and fourth I review some of the most important empirical interconnections between different freedoms studied by Sen.