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## DEVELOPMENT AS FREEDOM

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ALFRED A. KNOPF  New York 2000

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## CHAPTER I

### THE PERSPECTIVE OF FREEDOM



It is not unusual for couples to discuss the possibility of earning more money, but a conversation on this subject from around the eighth century B.C. is of some special interest. As that conversation is recounted in the Sanskrit text *Brihadaranyaka Upanishad*, a woman named Maitreyee and her husband, Yajnavalkya, proceed rapidly to a bigger issue than the ways and means of becoming more wealthy: *How far would wealth go to help them get what they want?*<sup>1</sup> Maitreyee wonders whether it could be the case that if “the whole earth, full of wealth” were to belong just to her, she could achieve immortality through it. “No,” responds Yajnavalkya, “like the life of rich people will be your life. But there is no hope of immortality by wealth.” Maitreyee remarks, “What should I do with that by which I do not become immortal?”

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

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

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

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

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

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

#### FORMS OF UNFREEDOM

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

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

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

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

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

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

#### PROCESSES AND OPPORTUNITIES

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

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

## TWO ROLES OF FREEDOM

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

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

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

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

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

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

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

## EVALUATIVE SYSTEMS: INCOMES AND CAPABILITIES

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

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

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

#### POVERTY AND INEQUALITY

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

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

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

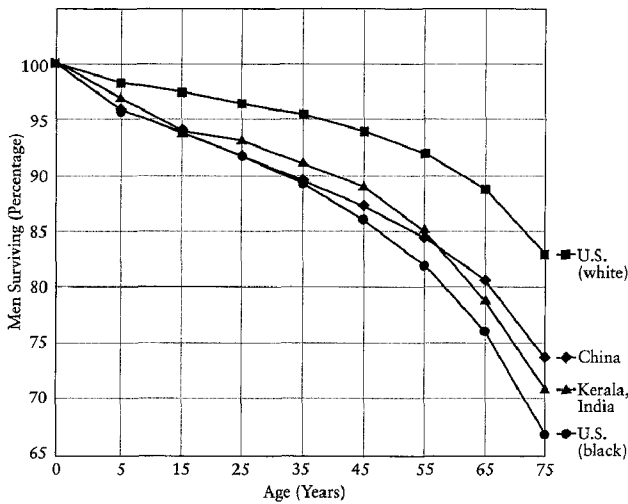
#### INCOME AND MORTALITY

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

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

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

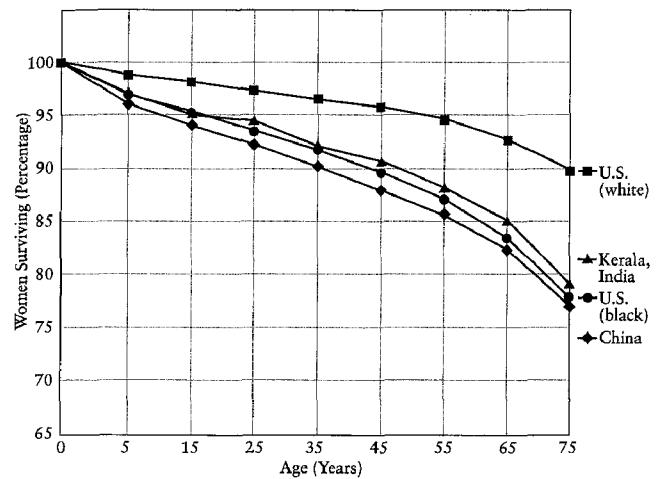
FIGURE 1.1: Variations in Male Survival Rates by Region



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

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

FIGURE 1.2: Variations in Female Survival Rates by Region



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

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

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



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

#### FREEDOM, CAPABILITY AND THE QUALITY OF LIFE

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

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

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

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

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

#### MARKETS AND FREEDOMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### VALUES AND THE PROCESS OF VALUATION

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

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

#### TRADITION, CULTURE AND DEMOCRACY

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

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

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

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

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

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

Also, since participation requires knowledge and basic educational skills, denying the opportunity of schooling to any group—

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

#### CONCLUDING REMARKS

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

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

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

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

## CHAPTER 2

THE ENDS AND THE MEANS  
OF DEVELOPMENT

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

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

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

#### CONSTITUTIVE AND INSTRUMENTAL ROLES OF FREEDOM

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

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

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

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

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

## INSTRUMENTAL FREEDOMS

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

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

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

*Economic facilities* refer to the opportunities that individuals

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

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

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

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



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

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

#### INTERCONNECTIONS AND COMPLEMENTARITY

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

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

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

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

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

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

#### DIFFERENT ASPECTS OF CHINA-INDIA CONTRAST

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

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

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

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

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

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

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

#### GROWTH-MEDIATED SOCIAL ARRANGEMENTS

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

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

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

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

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

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

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

There are two interesting—and interrelated—contrasts here:

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

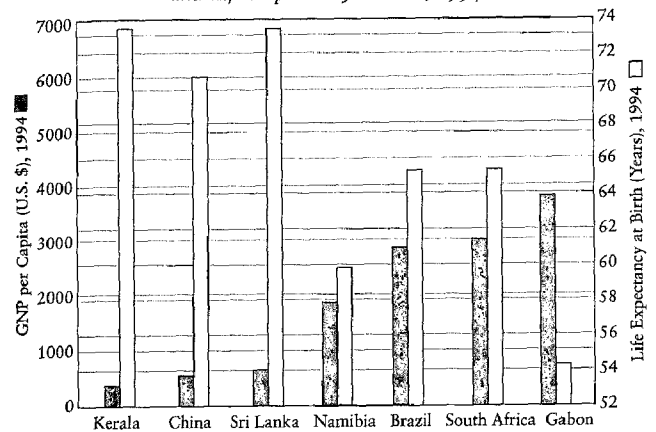
I have already commented on the first contrast (between, say, South Korea and Brazil), but the second contrast too deserves policy

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

#### PUBLIC PROVISIONING, LOW INCOMES AND RELATIVE COSTS

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

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



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

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

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

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

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

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

On the other hand, the success of the support-led process as a route does indicate that a country need not wait until it is much richer (through what may be a long period of economic growth)

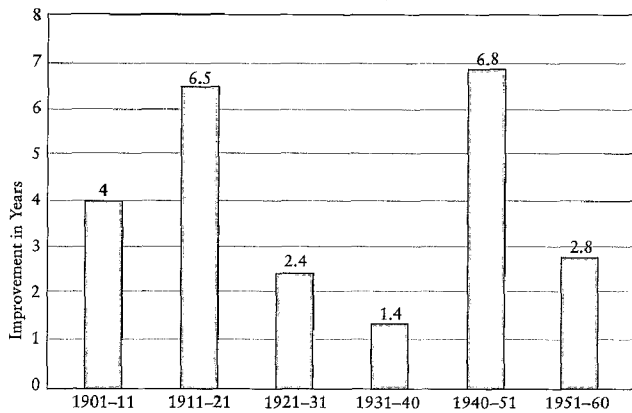
before embarking on rapid expansion of basic education and health care. The quality of life can be vastly raised, despite low incomes, through an adequate program of social services. The fact that education and health care are also productive in raising economic growth adds to the argument for putting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

#### MORTALITY REDUCTION IN TWENTIETH-CENTURY BRITAIN

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

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

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



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

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

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

Indeed, it is remarkable that interdecade comparisons, based on

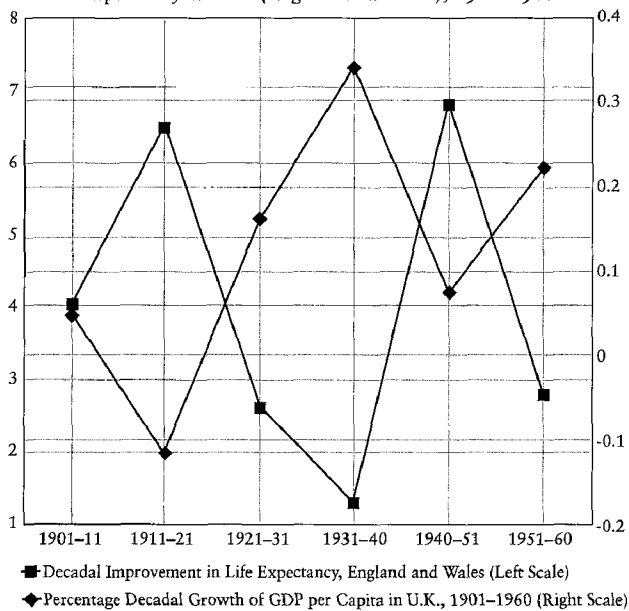
decadal censuses, show that by a very wide margin the most speedy expansion of life expectancy occurred precisely during those two “war decades” (as shown in figure 2.2, which presents the increase in life expectancy in years during each of the first six decades of this century).<sup>21</sup> While in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

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

#### DEMOCRACY AND POLITICAL INCENTIVES

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

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



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

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

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

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

#### A CONCLUDING REMARK

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

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

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