What is the “good” of economic development?

- Economic growth?
- Improve well-being?
- Alleviate poverty?
- Create sustainable development?
“Putting the poor first”

- Poverty alleviation as the most important goal of development
- Why should poverty be taken to be the most important consideration in development?
- What is the harm of poverty?
- We need a conception of the human good that will allow us to answer this question.
“Putting the poor first”

• Consider this as a goal for economic development:
  – Economic development policies should always be designed to give highest priority to improving the well-being of the least-well-off in society.

• Why is this more important than:
  – Economic development policies should be designed to improve the average income of society (so everyone benefits).

• Extreme poverty is a uniquely debilitating human condition.
Theories of human well-being

• Utility: maximize happiness
• Basic needs
• “quality of life”
• Human capabilities and functionings
Philosophical theories

- Utilitarianism: a simple theory of happiness as enjoyment
- Aristotle: a theory of human happiness as self-definition
- Kant and Rousseau: freedom and autonomy
Human capabilities

- Amartya Sen’s theory of human well-being
- Human beings have a set of capabilities and functionings
  - To acquire knowledge
  - To exercise skills in work
  - To interact with others
  - To exercise freedom
- It is intrinsically good that every human being should be able to realize his/her capabilities to the fullest extent possible.
Examples of human capabilities

- To live a normal life span
- To have good health and physical development
- To use the senses and the mind to acquire knowledge
- To form a conception of one’s goals in life
- To form important connections to others—family, friends, colleagues

Martha Nussbaum
Human capabilities and gender

• There are significant and persistent differences in many countries between men and women in the realization of human capabilities.
• Women and girls often have lower health outcomes
• Women and girls often have lower educational opportunities and literacy
• Women and girls often have reduced rights in civil society—property ownership, labor, self-control.
Requirements for realizing capabilities

• Education
• Health
• Conditions of freedom
  – Mobility
  – Thought and expression
  – Association
• Adequate nutrition
• Material standard of living
Basic needs

• The theory of human capabilities gives a principled justification for why basic needs are “basic”:
  • They are foundational to the realization of human capabilities.
  • So improving satisfaction of basic needs is a means of increasing the realization of human capabilities.
  • This also increases the productivity of society.
Basic needs

- For example, education.
  - Education, literacy, and the development of cognitive capabilities are the ground on which the individual develops productive capabilities.

- For example, health care.
  - Access to health care makes it possible to live a normal and productive human life.
Entitlements

• Amartya Sen emphasizes that an individual’s material well-being is the result of the complete bundle of his/her entitlements—which normally take several forms.
  – Wages through income
  – State subsidies and services
  – Ownership of property
  – Social obligations by others
  – Farm income in self-consumption

• Well-being in times of famine is crucially affected by variations in entitlements.
Freedom

• Is freedom just an abstract value? No.
• It is a condition in which individuals can choose their goals for their lives and find avenues for fulfilling those goals.
• Freedom is valuable both intrinsically – it is a good thing for a human being to be free – and instrumentally – it is helpful for achieving other good things to live in a free society.
Measures of human capabilities and well-being

- The Human Development Index
- Human Development Index
- Quality of Life Index
- Measurement of differences in quality of life internationally and nationally
- China’s experience: large differences in quality of life between regions and between urban and rural populations.