Development Ethics
Well-being and Poverty in the Developing World

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Introduction

We live in a time of human paradoxes. Scientific knowledge has reached a level of sophistication that permits understanding of the most arcane phenomena—and yet religious fundamentalism shakes many parts of the world. We witness the emergence of a civil, liberal constitutionalism in many regions of the world—and yet ethnic violence threatens the lives and dignity of millions of people. And we live in a time of rapid economic and technological advance—and yet several billions of people live in persistent, debilitating poverty.

The book I am writing focuses on one of these paradoxes, the paradox of wealth and poverty in the global economy. The book will explore with an open mind the dimensions of moral complexity posed by this paradox, and the policies that are underway today that will affect the level and intensity of human misery created by mass poverty in the near future. The processes of economic development—the development of new industries, the creation of new jobs and forms of employment, the transition from rural to urban life, the inconsistent satisfaction of basic human needs like adequate nutrition, health care, clean water, and education—have vast human consequences. And we as citizens of a country and of the world have a role to play in determining that those consequences are the most beneficial possible to the people of the world.

Our topic is the ethics of development, and the approach I will take is through empirically informed philosophizing.

Some considered judgments

In order to begin to probe the field of economic development policy from the point of view of ethical theory, we need to have a basis for making judgments in this area. Let us begin somewhat dogmatically with what John Rawls refers to as a set of considered judgments that appear relevant.

- people should be in the position of developing and realizing their human capabilities as fully as possible;
- people should be treated justly, fairly, and with equal consideration;
- people should have freedom to be autonomous and make choices concerning themselves;
- people should have rights that protect their freedoms;
- democracy is a good thing;
- the natural environment ought to be sustained.

How far can convictions like these take us in charting the normative waters of assessing alternative approaches to economic development policy? It is the central thesis of this book that we can go quite far on the basis of these simple ideas.
Let us begin with a brief account of two “big theories” that underlie much development thinking—neo-liberalism and what I will call “progressive development thinking.” Neo-liberalism comes very close to being the defining development orthodoxy today—what is referred to as the “Washington consensus”. The central assumption of development practitioners is that growth in per capita income is the fundamental goal of economic development and that efficient markets, privatization of economic life, and a severely restricted role for the state in welfare and economic regulation are the central means of achieving this end. On this approach, economic development is a largely technical process involving the improvement of market institutions, price reform, and free-market entrepreneurial activity. Growth and efficiency are preeminent. Free markets and privatization are emphasized. And it is generally held that distributive goals should not intrude; the state is regarded as a predatory, rent-seeking agency that almost inevitably interferes with efficient growth. A chief goal, therefore, is to minimize the role of the state—including subsidies and welfare systems. Market institutions should be permitted to select the most efficient techniques of production, products, and uses of resources.

“Liberalization” of national economies means reducing and eliminating trade barriers and tariffs. It means extensions of free markets within domestic economies and reduction of barriers to economic activity—for example, abolition of price boards for agricultural commodities. And it means reform of domestic government policy in ways designed to enhance market processes—for example, reduction or elimination of food subsidies, reduction of social programs, reduction of regulations on economic activity. A central line of thought underlying the liberalization agenda is the notion that governments make use of their regulatory powers to extract “rents” from economic activity (Krueger 1991). So liberalization often means reducing the role of the state altogether, and reducing or eliminating existing social policies. International development agencies—for example, the World Bank—have placed great importance on liberalization and fiscal reform—and associated austerity programs—as central instruments of economic development.

Powerful critiques of the liberalization agenda have been advanced throughout the past twenty years. Most fundamental is that advanced by Amartya Sen, based on his arguments advocating the economic and social importance of “social policies” designed to enhance the health, education, and well-being of citizens. Sen makes the point that such policies are intrinsically good, because they improve human well-being, and instrumentally good, because they have measurable effects on economic development and productivity. These policies require the expenditure of resources by the state in ways that are not directly related to market conditions. So the critique is that a view that says the role of the state is strictly limited to securing the conditions of the economic marketplace (property rights, rule of law) is too narrow.

Another important line of critique derives from an effort to assess the intermediate social consequences of austerity and liberalization measures. Various analysts have documented the extension of inequalities in specific national contexts; the worsening of human development measures (e.g. nutritional status of the poor, levels of infant and child mortality) that has become evident in specific countries that have been subjected to extreme versions of the liberalization program.

A direct element of liberalization is the determination of prices through competitive markets. Within a liberal regime, markets determine prices. The doctrine holds that prices reach

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1 This set of doctrines falls under the category of “the Washington consensus”; (Williamson 1993).
equilibrium at the point at which “supply at price” equals “demand at price”. Over the long term, economists reason that this system will optimize the use of society’s resources. In circumstances where there is an undersupply of a good, the price rises, permitting higher-than-average profits. New producers recognize the profit opportunity and begin producing the good. The supply rises and the price falls.

Some goods have a particularly profound effect on the well-being of the poor. Access to food, energy, and transportation is particularly critical. When food prices fluctuate upward for an extended time while wages remain constant, the effect can be severe undernourishment for the poor. Likewise, when wages fluctuate downward in the environment of stable food prices, the poor will suffer nutritionally. In other words, unconstrained market processes can lead to fluctuations in basic goods prices and wages that impose severe hardship on the poor, sometimes for extended periods. In these circumstances it is crucial that there be state-supported mechanisms that ameliorate these hardships. Some such mechanisms might include state-subsidized food supplements for the poor, state works programs for underemployed workers, and state-financed education programs that enhance the skills of underemployed workers.

Progressive economic development

Let us now turn to an alternative vision. “Progressive” economic development may be defined as development with all or most of the following characteristics:

- is designed to result in wide distribution of the benefits of growth across the broad population
- produces significant and sustained improvement in the quality of life of the population
- produces significant and sustained improvement in the incomes and assets of the poor and near-poor
- increases the availability of important life amenities for the whole population (health care, clean water, standards of health and safety in the workplace, education)
- constrains the inequalities that develop between economic elites and the broad population
- constrains the emergence and persistence of rural-urban inequalities
- enhances gender justice
- provides inducements toward greater democracy in politics
- gives weight to environmental concerns

What would be required for a state or multinational agency to adopt a program of progressive economic development? It appears clear that this family of strategies requires substantial use of state political resources to implement. There is no reason to expect an unrestrained market economy to lead to greater equality over time; and markets have not generally done well in providing the infrastructure of public health and education. So these are roles where the state has an important role to play. Second, it is evident that this exercise of state power is most likely to occur in societies in which the poor have an effective political voice. It is a truism that governments dominated by economic elites may be relied upon to adopt policies that favor those elites. So what prospects are there for the emergence of progressive economic development strategies? I discuss this question further in the context of the issue of the role of democracy in development; but that analysis must wait for another day.
Welfare, well-being, and needs

Let us now turn to the crucial foundational question: what is the nature of the ultimate values toward which choices in economic development ought to be aimed? What is it about human life that deserves our moral attention? What is the nature of the good results that we should aim to bring about through economic development efforts? What is the good of development?

There is a standard answer to this question that underlies most economic reasoning—the theory of social welfare as a sum of the achieved utilities of a group of individuals. This approach faces a variety of substantive problems, but it is a simple theory. It proceeds on the assumptions that each individual’s happiness or utility can be represented as a single quantity; that it is possible to aggregate individual utilities into a measure of social welfare; and that the goal of economic policy is to maximize social welfare. On this approach, social policy ought to be directed toward maximizing the aggregate utility of society (or possibly the average utility of society).  

Second, it has been maintained that the goal of economic development ought to be the satisfaction of human needs, beginning with the most basic needs. On this account, there is an important distinction between wants (preferences) and needs; the latter include such things as access to nutrition, primary education, health care, and clean water, whereas the former include such commodities as luxury goods and other items that are “unnecessary” to human life. What is a need? It is a human want whose satisfaction is an essential component of human health, maturation, and development. The basic needs approach offers a substantive criterion for assigning weights to the various categories of preferences of consumers, and holds that the more fundamental of these preferences (needs) ought to be satisfied first, or ought to receive higher priority in economic development.

An important alternative to both approaches is the “well-being” approach. On this approach, pioneered by A. K. Sen, the good of development can be understood in terms of the ability of typical persons to live full human lives. Sen conceptualizes this approach under a framework of capabilities and functionings (Sen 1984, 1993; Sen 1983, 1987, 1999). Human beings have a set of capabilities and talents that can be realized through normal processes of development—education, play, nutrition, family life, and so on. These capabilities are present in all of us, but their fulfillment can be blocked by numerous obstacles. One’s capacity for skilled and dextrous bodily movement can be blocked by malnutrition; the capacity for imaginative thinking can be blocked by poor or non-existent primary education; and so on. The central moral insight in this approach to policy is this: It is an inherently good thing that people are in a position to realize their human capabilities; and the establishment of the social, economic, and political opportunities and enablements that are necessary for the realization of these capabilities is the highest good to which social policy ought to be directed. On this approach we are urged to take the fulfillment of each individual’s human capacities as the ultimate good of social settings and the ultimate goal of social policy.

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2 The conceptual foundations of utilitarianism have been subject to substantial critical attention in the past few decades. See (Smart and Williams 1973), (Scheffler 1982), (Harsanyi 1977) for important contributions.

3 There is a large literature on basic needs as the conceptual foundation of development economics; see (Streeter et al. 1981; Moon 1991; Braybrooke 1987) for several salient examples.
The conception of the person

How can we best investigate the issue of the values that ought to guide economic development policy? How can we arrive at a principled resolution of the disagreements among utilitarianism, basic needs, and human capabilities? Each of these theories corresponds to a conception of the human person—the assumptions that we make about what constitutes a good human life. And the most convincing philosophical arguments that we can bring to bear on this set of issues will result from our asking the more fundamental question: what is a human person? And which theories of the person are most compelling when fully articulated?

It has been observed that ethical theories almost always make presuppositions about the nature of the person, the nature of a good human life, and the nature and function of society. Sometimes those presuppositions are explicit, and sometimes they are taken as unspoken assumptions. We can shed light on the adequacy of a given theory by focusing on these underlying assumptions and the fullness of the representation of the person in society that they offer. For example, an ethical theory that presupposed inherent racial inequalities would for that reason appropriately be challenged—even if these presuppositions are obscure in the explicit principles and findings of the theory.

The welfarist model

Economic theory and utilitarianism share elements of a simple theory of the person. The individual is understood as a rational decision-maker who has a set of preferences about various outcomes and a set of beliefs about the properties of the world, and who chooses actions on the basis of those preferences and beliefs. The individual is a utility consumer; in the simplest version, the individual acts so as to maximize satisfaction, pleasure, or happiness. And the good human life is conceived as the life that achieves the largest sum of utilities (or satisfies the greatest number of preferences). Putting the view in the language of preference, the individual is a rational preference-maximizer and charts a course through life based on reasoning about which actions will lead to the highest degree of preference satisfaction. Economic theory normally incorporates one additional feature: the idea of self-interest. Individuals are assumed to evaluate outcomes on the basis of the effect that various actions have on their own self-interests.

Utilitarian philosophers adopt much of this set of assumptions about utility, preference, and choice as a first-order description of human happiness and desire. But utilitarianism drops the assumption of egoism; instead, utilitarianism puts it forward that it is possible for individuals to recognize the interests, preferences, and happiness of others, and to choose to act so as to bring about the greatest overall balance of happiness over unhappiness among all affected by the action. And it stipulates that moral action consists in choosing that line of action or policy that maximizes happiness. Utilitarianism thus assumes the possibility of other-regarding action, or altruism. But what those other-regarding actions are oriented towards is something very similar

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4 John Rawls pays attention to this feature of moral theory throughout his work. Strong expressions are found in *A Theory of Justice* (Rawls 1971) and several important articles on the theory of the good.

5 Sen criticizes the assumption of rational self-interest in many places. “The rational egoist is pretty close to a social moron” (Sen 1982). His general objection is that individuals do in fact take the interests of others into account in their deliberations, and that it is rational to do so (Sen 1987). See also (Anderson 2000) for a good recent critique of the assumptions of narrow economic rationality.
to the simple “homo economicus” model: the utility or degree of preference satisfaction of the individuals included in the calculation.

Utilitarianism is a particularly important moral theory in the present context, because it provides a moral framework that fits very well with classical economic theory. Jeremy Bentham and John Stuart Mill are classic exponents of utilitarianism. Utilitarianism views the individual as a vessel for utility or happiness. Outcomes have the effect of increasing or reducing the individual’s happiness. And actions and policies should be chosen that create the greatest amount of utility. Consider the following alternative and non-equivalent formulations for the principle of utility:

U₁ Act so as to produce the greatest good for the greatest number.
U₂ Act so as to maximize total utility.
U₃ Act so as to maximize average utility.

Utilitarianism has the virtues of simplicity and plausibility. It also has been found to confront profound problems, both internal and external to the theory. The internal challenges include the problem of defining utility, defining a theory of preference, and interpreting the task of interpersonal comparisons of utility. What is involved in “measuring” my current state of happiness or utility? How is my happiness related to my preferences among choices? And how can we meaningfully compare my level of utility with yours in order to arrive at a sum representing both of us?

A more profound set of criticisms derive from the theory of the person that utilitarianism presupposes. In its paradigm cases utilitarianism appears to assume that persons live for pleasure, that there are no morally significant differences among pleasures, and that individuals make choices solely in order to bring about the greatest balance of pleasure over pain. This is an impoverished theory of human agency. It reduces rationality to the task of weighing probable future utilities, it reduces planning to the task of preparing an optimal schedule of future utilities, and it reduces purpose to the goal of achieving the greatest sum of utilities.

What are some of the shortcomings of this theory of the person? To start, it takes the notion of “preference” as fundamental; it doesn’t allow for the possibility that there might be rational deliberation about one’s preferences. Rationality is therefore reduced to a choice of means for a given set of preferences. This approach significantly limits the scope of “practical rationality;” as we will see, it is possible to put forward a more extensive conception of practical rationality according to which individuals are assumed to have the capacity to deliberate among various preferences as well as on the basis of a given set of preferences.

Further, the welfarist approach to the human person is tone-deaf when it comes to issues of equity and distribution. If we imagine two possible worlds: Jones has 3 units of utility and Smith has 2 units of utility; or Jones has 5 units and Smith has 1 unit—the welfarist model dictates that the second scenario is to be preferred, because it results in higher total and average utility. In other words, the welfarist model is indifferent to the distribution of utilities across worlds.

I will not consider, but merely note, the very significant conceptual and theoretical issues which have confronted utilitarianism in the twentieth century: interpersonal comparisons of utility, utility as preference satisfaction, risk and uncertainty, and strategic rationality.

Cite Bentham, Mill, Sen and Williams, Mackie, Scheffler, Harsanyi, Sen.

See Jon Elster’s writings for recurring efforts to refine our understanding of deliberation about preferences (Elster 1983, 1979, 1989).
individuals; in its foundations, the theory is insensitive to the notion that it is important that this individual should have a decent human life.

Most fundamentally, however, the model is flawed by the flatness of human life that it implies. It gives the individual no capacity to reflect on the nature of the goods that he or she will pursue, and it suggests a myopic path through life (choosing at each turn the branch that appears to maximize happiness) that is at odds with the notion of a deliberative relationship to one’s life. And it provides no philosophical basis for saying what it is about the full human life, the flourishing individual, that is worthy of respect and admiration.

Needs and primary goods

The theory of the person that corresponds to the basic needs approach fares better on the equity criterion, in that it privileges a distribution of resources that serve a broader number of people (by requiring that basic needs be satisfied first before non-basic wants are addressed). But the basic needs approach does not avoid the criticism of flatness. It does not provide an affirmative conception of the person—what is involved in a flourishing human life?

John Rawls offers an analysis of “need” in his construction of his theory of justice, in the form of a theory of “primary goods.” He defines primary goods as “those material and social resources that individuals are likely to need in the pursuit of their individual conceptions of the good, whatever those conceptions are.” Rawls’s general perspective is that the pursuit of human goals requires access to resources and opportunities of various sorts: income, employment, healthcare, education, and the like. Even if we do not have precise knowledge about the plans and goals that a given individual has defined for himself or herself, it is most likely that these resources will be needed for the fulfillment of these plans and goals. The theory of primary goods is intended to provide part of the foundation of a broader theory of equity in the distribution of resources and neutrality across persons in the principles that we adopt to govern the distribution of resources. The theory of primary goods comes into Rawls’s theory at two points. First, within the “original position” Rawls argues that individuals—even denied knowledge of their particular circumstances and conceptions of the good—will rationally prefer more rather than fewer primary goods (because of the instrumental role that these goods play in the achievement of most plans of life). And second, he argues that the difference principle would be adopted within the framework of the original position: the distribution of primary goods across persons should be equal except insofar as inequalities of distribution lead to a greater quantity of primary goods for the least-well-off person.

The Aristotelian model

The preceding discussion raises substantial doubt about the adequacy of the utilitarian or welfarist conceptions of the person. Most fundamentally, that conception fails to give adequate attention to the intentionality and planned structure of a human life. Aristotle’s ethics provide the richest basis for theorizing about the good human life. It is a tradition that extends from Aristotle’s *Nicomachean Ethics*, through Hegel and Marx, to Mill and Rawls; taking the tradition as a coherent discussion, it provides a powerful and compelling vision of the meaning and fullness of a human life. And this theory of the person can be projected with great precision onto the theory of human well-being articulated in Sen’s concept of capabilities. This approach therefore provides a coherent basis for much of development ethics.

Aristotle provides an extended theory of the individual as a practical thinker. He asks persistently, what is happiness? And to answer the question, he probes the nature of the human agent. He puts it forward that the human agent is a deliberator; the person considers various goods and places them into a hierarchy, and then constructs plans to bring these goods into being
So the good human life involves reflection about one’s fundamental goals and purposes; formulation of plans through which to bring these goals to achievement; and skillful activity using the powers that one has to accomplish the elements of the plan. This vision creates an important space for self-definition and self-realization: self-definition through the reflective choice of goals, and self-realization through practical activity aimed at bringing about the achievement of these goals.

Hegel and Marx extend the Aristotelian theory of the person by emphasizing the human significance of meaningful labor (Schacht 1970). Human beings realize themselves through labor; more fully, they do so by transforming nature employing their skills and abilities guided by a plan or design of their own creation. Hegel and Marx emphasize the relationship between subjectivity and objectivity and the practicality of labor. The idea that the sculptor has formed of the potential statue is subjective. But through his or her skilled use of tools, the block of granite is transformed into something new—an objective thing in the world. The sculptor has thus transformed the block of stone from a natural object to a fabricated object, and has transformed his thoughts into an actualized thing. (This vision is at the heart of Marx’s theory of alienation; modern industrial work breaks the connection between creative ideas, skill, and product.)

What John Stuart Mill adds to this tradition is the important distinction between “higher” and “lower” pleasures. Mill writes as a utilitarian philosopher, but he takes great issue with the assumptions about the homogeneity of happiness or pleasure that underlay the theories of Bentham or Sidgwick. Mill argues that there is an important difference among the pleasures that give us happiness (Mill et al. 1974). The pleasures that derive from the engagement of our more complex human capacities are the more satisfying. Given the choice, a person who is capable of both sorts of pleasures will choose the higher pleasures. So performing challenging music is more satisfying than watching Seinfeld; playing basketball at a skilled level is more satisfying than watching sports on television; and reading Pushkin is more satisfying than playing push pin (a game of darts). Why is this so? Because in each case the preferred activity engages and challenges a complex set of capabilities that we have, and we take pleasure in the exercise of these capabilities. The full human life, then, is one in which individuals have fully developed their capability to exercise their talents in creative ways.

John Rawls builds upon this tradition in *A Theory of Justice*. He emphasizes the importance for moral theory of a theory of the person, and the theory of the person that he advances is Aristotelian. Persons are reflective about their goals; they arrive at a plan of life that orchestrates their goals into a coherent plan; and they use their concrete human capabilities to bring their plans to fruition. Rawls emphasizes that each individual is free to arrive at a conception of the good—the ultimate values that he or she respects. The conception of the good may be religious or secular, individual or communitarian, aesthetic or spare; but it is fully within the moral scope of the individual to determine the particulars of the conception of the good.

Rawls emphasizes the importance of the individual’s ability to reflect on the various goods that he or she values, and to organize actions so as to bring these about. An individual possesses what we may call a “plan of life”—that is, an orchestrated conception of the states of affairs that are important to him or her and a conception of how she will attempt to realize those states of affairs over the fullness of time. In its fully articulated form, this plan of life articulates all the goods that the individual wishes to realize (e.g., friendship, creative accomplishment,
family, spiritual development, …). And it specifies (at some level of abstraction) the strategies through which the individual aims to accomplish these things.\footnote{John Rawls makes central use of this Aristotelian concept in \textit{A Theory of Justice} (Rawls 1971).}

These themes and insights represent philosophical moral thinking at its best. This tradition represents a cumulative effort to provide an adequate “moral phenomenology” of human experience—what constitutes a good human life? And it provides a powerful basis for designing and evaluating social and political institutions. We will return to the conception of the person that emerges from this tradition in the final section of the chapter. But let us look more closely at several of these ideas before we attempt to synthesize a theory of the person.

\textbf{Quality of life, capabilities, functionings}

Let us look more closely at several current efforts to express the perspective of human well-being that emerges from the Aristotelian tradition. There is a critically important point here: Sen, Nussbaum, and others have succeeded in linking a profoundly important philosophical theory of the person, with an operational theory of the good of development. This is an example of ethical thinking at its best; philosophy gives a basis for thinking more effectively and more comprehensively about some of the most pressing practical issues.

A. K. Sen’s writings have contributed much to clarification of the human reality of economic development. His special contribution is to establish the linkages between the philosophical theories and ideas in this tradition, and the practical exigencies of economic development planning. In his lectures on the standard of living Sen distinguishes between a commodity-based definition of the standard of living and a “human functioning” view of well-being (Sen and Hawthorn 1987). His central insight is that we are centrally concerned with human beings in possession of a bundle of human capabilities which can be either realized or impeded through the economic and social environment in which the person is located.

Sen’s basic insight is that economic well-being is best defined in terms of the individual’s capability to become a fully functioning human being. “In assessing the standard of living of a person, the objects of value can sensibly be taken to be aspects of the life that he or she succeeds in living. The various ‘doings’ and ‘beings’ a person achieves are thus potentially all relevant to the evaluation of that person’s living standard” (Sen and Hawthorn 1987: 29). If we were fortunate enough to live in a world in which all persons, rich and poor, were fully capable of realizing their human capacities, then the issue of poverty and wealth would be of minimal concern. In our world, however, the limitations on personal development imposed by poverty are all too obvious: malnutrition, illiteracy, poor health, boring and dangerous conditions of work, and early mortality are plainly serious obstacles in the way of full human development for the poor.

It is important to recognize that increasing the realization of capacities can be achieved through other means besides simply raising incomes; putting the point in another way, it is possible for the poor in one society to have higher income and lower capacity realization than the poor of another society, due to differences in the public provision of capacity-enhancing amenities. Societies in which there is extensive provisioning of education or health services, for example, will have a higher level of well-being in its poor population—even though the absolute income flowing to this stratum may be as low or lower than that of other societies. (This has been true in several important “anomalies” in the development experience of the world since
1945; Sri Lanka and Kerala are both societies in which human well-being is substantially higher than would be predicted on the basis of the per-capita income of those societies.)

Nussbaum’s formulation of fundamental capabilities

What are the most important and universal of human capabilities? Martha Nussbaum attempts to provide a fairly specific answer to this question. She, like Sen, attempts to define human well-being in an objective way, by identifying a set of core human capabilities that are critical to full human functioning and assessing well-being (and the success of development policies) by the degree to which the individual is in circumstances which lead to the realization of these capabilities. The core of the theory is a principled account of a set of fundamental human capabilities which are held to be essential to a good human life. The Aristotelian origins of the approach are manifest. It is Nussbaum’s contention that we can say a great deal about what is needed for a good human life, and this account is substantially independent of cultural variations (that is, human beings have the same capabilities for functioning in a wide variety of social and cultural settings). The capabilities involved in a good human life may be listed and justified, and the resulting list can serve as both a guide and a critical standard for development policy. Nussbaum devotes much care to the composition of this list. Her analysis enumerates the following capabilities:

- Being able to live to the end of a human life of normal length.
- Being able to have good health, adequate nutrition, adequate shelter, opportunities for sexual satisfaction and choice in reproduction, and mobility.
- Being able to avoid unnecessary and non-beneficial pain and to have pleasurable experiences.
- Being able to use the senses, imagine, think, and reason; and to have the educational opportunities necessary to realize these capacities.
- Being able to have attachments to things and persons outside ourselves.
- Being able to form a conception of the good and to engage in critical reflection about the planning of one’s own life.
- Being able to live for and to others, to recognize and show concern for other human beings.
- Being able to live with concern for and in relation to animals and the world of nature.
- Being able to laugh, to play, to enjoy recreational activities.
- Being able to live one’s own life and no one else’s; enjoying freedom of association and freedom from unwarranted search and seizure.10

Nussbaum characterizes the significance of this list in these terms: “My claim is that a life that lacks any one of these capabilities, no matter what else it has, will fall short of being a good human life” (p. 85). Further, she maintains that the list, and its associated argumentation, ought to be taken seriously by development theorists in the design of development strategies. Public policy must be guided by a conception of the human good that gives the policy-maker strong guidance in selecting goals and priorities for the development process. “The basic claim I

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10 This list largely quotes Nussbaum’s language, pp. 83-85.
wish to make . . . is that the central goal of public planning should be the capabilities of citizens to perform various important functions” (Nussbaum and Glover, p. 87).

Dignity issues

Much of the harm of poverty is tangible and material: high rates of infant mortality, poor nutritional and health status, and so forth. However, the emphasis on capabilities and functionings above should alert us to the fact that poverty has an intangible side as well. For the underlying value, recall, is that of the fully developed human being—the person in realization of his or her capabilities and functionings qua human being. And among the diminishments imposed by poverty are enduring assaults to human dignity over the whole of a human life. The person who cannot afford minimally decent clothing will often be ashamed to present himself in public. The underemployed housemaid may be compelled to accept indignity and disrespect from her employers rather than risk losing her job. The tenant farmer with low income and little power will be obliged to kowtow to his landlord rather than face eviction. Each of these situations is one in which we find a human being in circumstances of indignity; and it would be hard to imagine the person being able to sustain a robust sense of self-worth and self-respect in these circumstances.

Freedom as a prerequisite of human capacity realization

We have emphasized here the centrality of freedom as an essential component of a flourishing human life within a progressive theory of economic development. Social institutions that assure appropriate rights and a broad scope of freedom for individuals are therefore early rather than late requirements for a developing society that is aiming to establish the conditions of human flourishing for its population. What is freedom, and why is it important? Freedom involves centrally the ideas of autonomy and choice: an individual is free if he or she has the capacity to choose a plan of action and the practical ability to undertake a series of action that have a reasonable probability of success in bringing about these purposes. Freedom invokes the issue of choice, on the one hand, and constraint or coercion, on the other. A constraint is a condition that prevents the person from pursuing a goal which he or she has selected; coercion is a circumstance that compels the individual to pursue a goal that he or she had specifically not selected.

We can raise a series of questions that allow for a more refined understanding of the condition of freedom. The criterion offered here singles out a capacity and an ability—a capacity to formulate plans and a practical ability to pursue those plans. Consider various circumstances that can interfere with those capacities, however: limitations of attention or memory, physical disabilities, armed guards, thought police, and handcuffs. Are each of these factors conditions that interfere with freedom? Or is the concept of freedom limited to “absence of coercion or external constraint on the pursuit of one’s plans”?

A second complexity derives from what we might call the “granularity” or continuity of freedom. Are there gradations of freedom? Is there a condition of life that could be called

11 Nussbaum provides a similar but not identical list of capabilities in her more recent book, *Women and Human Development* (Nussbaum 2000). Here she refers to life; bodily health; bodily integrity; senses, imagination, and thought; emotions; practical reason; affiliation; other species; play; and control over one’s environment (78-80).

12 See James Scott’s discussion of the social psychology of domination and subordination (1990).
“absolutely free”? Can a person be free in one dimension and un-free in others—for example, free to formulate plans, but constrained in the execution of these plans?

Can we say that freedom is a prerequisite to full human development? We can say more than that: freedom is both a prerequisite and a consequence of full human development (Sen 1999). It is a prerequisite, in that many of the capabilities important to human flourishing will only develop fully when individuals are free to experiment and try out their emerging capacities. For example, the capabilities to have friends, to write fiction, to work well within associations, or to collaborate on joint projects all require free play and exercise of the activities within which these forms of social agency take place. But likewise, the valuable exercise of capabilities achieved requires a zone of freedom within which the person can make creative use of his or her talents. And finally, full realization of human capabilities gives us freedoms we did not previously have—the freedom to right an excellent novel, the freedom to effectively lead a social organization, or the freedom to design a stable bridge. These are new freedoms because they are new enablements for the person; the underlying capabilities have made it possible for the person to do and accomplish things they could not previously perform.

A rich conception of the person

Here, then, is a conception of a person and a good human life that will serve as a model in our thinking below. It derives from the Aristotelian tradition outlined above, and it serves as a concrete expression or vision of a flourishing human life.

A person possesses—

- a set of needs
- a set of capabilities—physical, mental, emotional—that can be realized through development and practice
- a set of rights and liberties
- a conception of the good for him- or herself
- a set of preferences that derive from needs and the conception of the good
- a plan of life

Persons have needs because they are biological organisms. Their needs range from the most material—food, clothing, shelter—to the more refined—education, sociality, and a clean living environment. Persons have capabilities that are inherent in their biological and social attributes. Their capabilities are physical—the capability for dextrous use of the hands, a capability to run and jump; they are mental—a capability to reason and remember, a capability to create, a capability to form organize activities. And their capabilities are emotional and social—a capability to form friendships, to adopt commitments, and to experience pleasure, humor, and sorrow. These capabilities, however, are only potential at birth; they need to be actualized through appropriate developmental processes. These processes include access to adequate nutrition, stimulation, loving care as an infant or child, appropriate educational experiences, and practice at forming friendships and associations, among others. Persons have dignity; and this entails that they have freedoms and rights that must be respected. This is centrally important, because the realization of the person’s capabilities requires that he or she be in a position to carry out his or her projects and plans (subject, of course, to the like freedoms of all others). Persons have deliberative agency, in that they have the capability to reflect on their goals and purposes, and to arrive at orchestrated plans through which they endeavor to accomplish their goals. The most fundamental personal deliberation has to do with defining a conception of the good for oneself—a conception of the most basic values and goods that one wishes to respect.
Deliberation includes the capability to consider the validity of one’s preferences given one’s fundamental values; so preferences are not externally given or biologically or socially determined, but are rather themselves subject to deliberation and choice. A person arrives at a plan of life that represents a best effort to formulate a coherent, long-term plan for realizing one’s goals and values through purposeful activity over the fullness of a lifetime. And finally, a person has a life in action: a series of actions, choices, commitments, and acts of creation through which the individual has given external expression to his or her goals, values, and commitments.

Here we have a rich basis for answering the question, what is the moral importance of human life? And it is an answer that provides extensive resources for answering some of the foundational questions that arise within the theory of economic development. This is so because if these are the defining or most important features of human life, then social institutions and outcomes should be sculpted so as to best satisfy the needs and functions that persons possess along the way of achieving their own version of human flourishing.

We also have in this formulation a powerful basis for judging the effectiveness of various development strategies and efforts. What are the effects of a given strategy on the fulfillment of human capabilities of all segments of society? How rapidly are resources, opportunities, and incomes flowing to the poor to support the fulfillment of their human potential? How effectively have social and political institutions been shaped to secure human freedoms and rights? And if the answers to these questions are discouraging—as they are in many parts of the world today and in the foreseeable future—then we need to ask whether there are other, more effective interventions that might be designed that would more quickly create the foundations for full human flourishing for the whole of these societies.

The link to the human development index and PQLI

This discussion provides a crucial insight into a central issue throughout this book, the definition of poverty. It is common to identify the poor as those with exceptionally low income. But our discussion of capabilities and human flourishing suggests that this definition is a blunt instrument. Given the possible divergence between income and capacity-realization, we need to have other ways of measuring the extent and depth of poverty in different countries. It is here that a variety of “quality of life” indicators based on the theory of human well-being sketched above prove their merits. For it is possible to measure other variables besides income that have a more immediate relation to capacity-realization. Malnutrition is directly and patently incompatible with full realization of human capabilities; so, other things being equal, a society with a higher level of malnutrition than another is worse-off from the point of view of the condition of the poor. Longevity is a general indicator of the quality of health services available to the population (and the poor, since poor health care for a large share of the population will translate into reduced life expectancy on average). Infant mortality statistics are generally taken to be another sensitive indicator of the health and nutrition status of the poor; downward fluctuations in the latter lead to significant increases in the former. Likewise, data about school enrollments at various levels—primary, secondary, post-secondary—provide important information about the extent to which a given society is succeeding in providing education to its poor; and lack of education is plainly intimately related to obstacles in the way of capability-realization. Literacy statistics can serve the same purpose.

Measures of these non-income variables provide a fairly sensitive indicator of the condition of the poor in a way that permits informative cross-cultural comparisons. Several important indices of well-being have been constructed using such information. Central among these are the Physical Quality of Life Index and the Human Development Index.
The Human Development Report, published annually by the United Nations Development Programme, offers development statistics for about 150 countries that are designed to provide empirical information about quality of life in developing countries. The methodology of these reports is very much influenced by the capabilities theory advanced by Sen, Nussbaum, and others (United Nations Development Programme 2000). And these reports provide an important and valuable basis for monitoring the human progress or deprivation that results from various development efforts in different parts of the world. The Human Development Index (HDI) provides a measure of quality of life based on three variables—educational attainment, life expectancy at birth, and GDP per capita. It is intended to capture three important dimensions of quality of life: income, health status, and educational opportunities and attainment (United Nations Development Programme 2000 : 17).

The poverty-first dictum

Is it possible to draw any general conclusions about development policy from this discussion? I believe that the theory of the person we have developed here implies that poverty alleviation should be the highest overall priority of economic development policy and planning. In this concluding section I will offer an argument for “putting the poor first” in economic development policy.13 This amounts to something like the following:

- Economic development policies, both domestic and international, should be structured in such a way as to give highest priority to improving the well-being of the poor in developing countries.

What is involved in putting the poor first in development? In designing a development plan there are always a range of choices that must be made: to encourage export production, to promote cash crops or food crops, to favor heavy industry or consumer goods, and so forth. And the choices that are made among these alternatives will depend on the criteria of evaluation of consequences that are in use. If the goal is to increase GDP at the fastest possible rate, then one family of choices will be made; if the goal is a combination of growth and military security, another set of choices will be made; and so forth. Putting the poor first involves making these choices on the basis of consideration of how various alternatives will affect the welfare of the poorest strata in society. So, for example, a government may be deliberating between investment credits for an electronics assembly plant and for a sugar-processing plant. The electronics plant, let us suppose, will produce a greater amount of value added, generating a resulting higher amount of foreign currency; while the sugar-processing plant involves a substantially higher level of employment at a wage higher than the current average for unskilled labor. On the face of it, these circumstances, conjoined with the “poverty-first” principle, entail that the government should select the sugar-processing plant, since this alternative creates the greater amount of additional income for the poor.

This proposal for a reorientation of development planning raises a number of important questions. What implications does this priority have for other measures of economic

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13 At the level of policy statement, at least, the “poverty-first” approach is shared by the World Bank as well: “Reducing poverty is the fundamental objective of economic development” (World Bank 1990 : 24). And in its 2000-01 report, reflecting internationally agreed-upon goals of development, the World Bank report lists the goal of “reduc[ing] by half the proportion of people living in extreme income poverty between 1990 and 2015” (World Bank 2001 : 6).
development? And what policy options are available to make the most rapid and immediate effects on the welfare of the poor? How would such a development plan differ from existing policies? And are there countries that currently pursue such a model of growth?

Why does poverty alleviation warrant special moral emphasis? Why should we place the problem of poverty ahead of other important values in the context of development and modernization—e.g. provision of clean, safe urban environments, preservation of environmental resources, or raising the average standard of living for the whole population? The most fundamental way of approaching this problem is to ask, what is the fundamental good that underlies judgments of value in social decision-making? We are now in a position to provide a compelling answer to this question is this: it is the example of a human life lived well and fully, in circumstances which embody the freedoms of the individual and the rights and liberties of all citizens. And extreme poverty deeply interferes with the individual’s capacity to live fully.

The priority of poverty alleviation over GDP growth reflects the idea that the needs of the poor are more urgent than those of higher income groups. Rising GDP per capita entails that average income is rising as well. But we can infer nothing from this fact about the behavior of incomes of the various income groups. It is entirely possible for increases in income to be concentrated in higher-income groups. The distribution of the fruits of growth depend entirely on the character of the distributive institutions in place in the developing economy. And it is not only possible but historically common that a widening income stratification will accompany growth, with the result that the poorest 20 to 40 percent of income earners show little or no improvement; their incomes may even fall absolutely as a result of worsening income inequalities (Fields 1980).

It is important to mark the implications of this ranking. An increase in per capita GDP means an increase in overall social welfare: some groups, at least, derive higher incomes as a result of growth in national income, and this increase will have positive effects on their welfare. Moreover, there is no reason to suppose that the beneficiaries of growth are limited to the idle privileged classes; it may be, for example, that a growth-first strategy has a greater impact on the welfare of the near-poor than either the poor or the rich. (This would be true if the chief result of growth was a rising demand for modern-sector labor, leading to an increase in the size of this class and the real wage; (Fields 1980).) And on any account these improvements are important and desirable. Increase in income to the near-poor may mean that families are able to keep their children in school longer, to provide better nutrition and health-care, or to avoid the imperatives of child labor. Putting the poor first may entail that we select a policy option that provides a small improvement in the welfare of the poorest, at the cost of a much larger improvement in the welfare of the near-poor, and this is a substantial cost. Nonetheless, I will defend this ranking of the priority of the poor over the rest of society, though it may be that others would prefer only to give greater weight to improvements to lower income categories (Chenery et al. 1974).

The situation is not quite as desperate as this scenario might suggest, however, in that poverty-first growth strategies may be expected to have positive effects on the near-poor as well. This is probably an instance of the situation that Rawls describes in his presentation of the difference principle: focusing on the welfare of the least-well-off leads to reforms that have the effect of pushing the whole income ladder upward.

Hollis Chenery suggests an even simpler scheme: a linear utility function in which income is disaggregated over deciles, with lower deciles having larger coefficients than higher deciles. This has the effect of weighting improvements in lower-income groups more heavily than improvements in higher-income groups; Chenery et al. 1974.
Whatever justification there is for giving priority to poverty alleviation over average growth, it does not extend to non-welfare goods such as environmental quality or resource conservation. It is highly implausible to maintain that any small improvement in the condition of the poor would justify even massive environmental harm (e.g., burning down the Brazilian rainforest in order to create a small increase in cultivable acreage for the landless poor). What does seem true, however, is that increments in the welfare of the poor should count for more than increments in average welfare or the welfare of the non-poor in assessing environmental costs. The urgency of the needs of the poor would seem to justify environmental costs that improvements of the welfare of the non-poor could not justify. At the same time, this position requires that we make a calculating decision about possible tradeoffs between benefits to the poor and costs to non-welfare goods: the higher the non-welfare cost, the greater must be the benefit for the poor.

The reason why environmental quality and resource conservation appear more weighty than growth or average welfare seems to derive from a cross-temporal or cross-generational consideration. Environmental quality is a public good for persons of the present generation, but it is also a public good for persons of future generations. And the value of that future good depends on the development and consumption choices made by the present generation. Whatever else intergenerational justice requires, it demands at least that we should give some weight to important interests of future persons in all our choices. Therefore it cannot be that the welfare of today’s poor trumps any consideration of environmental cost. But here the asymmetry of time creates a new problem. Tomorrow’s environmental quality is not a public good or a private good for today’s consumers. So we must postulate that consumers and policy-makers take some altruistic interest in the welfare of later generations; otherwise environmental quality may be expected to decline rapidly.
References


