"Summary of article by Robert Sugden: Welfare, Resources, and Capabilities: A Review of Inequality Reexamined by Amartya Sen"

For the past three decades, Amartya Sen has been a leading critic of welfarism, the orthodox theory of normative economics. In a recent book, Inequality Reexamined, Sen continues his probing attack on the foundations of welfarism, arguing that its "informational base," which consists entirely of information about preferences, is too weak to support an acceptable or even coherent account of the social good. Instead, he argues that normative economics should be grounded on an enriched informational base that describes the capability of individuals to achieve valuable functionings. This review selectively analyses Sen's alternative normative theory and some of its implications for justice and equality.

Critics of welfarism fall into two main categories. Some believe that the economist's role in shaping government policy has changed over the past few decades as doubts about the ability of government to plan for the social good have grown. Government is seen as an organization with limited powers, whose behavior economists ought to explain, rather than treat as an autonomous power for good. This approach is reinforced by the legacy of political philosophy in the 1970s, contractualist and libertarian thought, which turns away from assessing social good or individual good, and turns toward evaluating the rules that govern social choice and maintaining a framework of rules within which individuals are left free to pursue their own ends. Others, most prominently Sen, have resisted this approach. Sen believes that the government should promote the overall good of society and that economists should produce an operational definition of that good and identify policies that will best promote it.

Sen develops the second strategy in an alternative normative theory that focuses on capabilities. "One is to start from a conception of what makes a good life for a human being, and to build up from this to a theory of the social good: this is the enterprise to which Sen's work belongs."(1961) He defines well-being as the achievement of valuable functionings, consisting of various "beings" and "doings." Some functionings are intrinsically valuable. These include the utilitarian values of "being happy," the liberal values of "acting freely," the Rawlsian value of "having self-respect," as well as more concrete functionings such as being well-nourished. Cultures may vary with respect to what is necessary to achieve certain functionings. For instance, Sen discusses Adam Smith's eighteenth century observation that in Scotland, but not in England, women of the lowest classes could appear in public without shoes or shame. For Sen, appearing in public without shame is an intrinsically valuable functioning.

A person's state of being is represented by a vector of functionings. Individuals choose from a set of feasible functioning vectors. This capability set represents a person's opportunity to achieve well-being and contains information about a person's positive freedom to do or be certain things. A person's well-being consists of the achieved functionings given the capability set. Sen's aim is to show that information related to capability sets is the appropriate "informational base" for normative economics. Although Sen's subtle analysis adroitly covers complex material, there remain problems of clarification.

For instance, it is not clear whether capabilities or functionings have priority in his scheme. At one level of analysis, well-being is defined exclusively in the dimension of functionings, yet freedom matters to well-being, but not because it is a property of functionings. A different problem relates to the issue of weight assignments to different vectors of functionings. Everyone may agree that "being able to appear in public without shame," and "being happy," and "being well-nourished" matter to well-being. The question remains: how are these different functionings to be ranked or valued? Sen attempts to disarm this type of criticism by arguing that a fully developed theory of the good life need only provide a partial ordering of functionings. It may even be impossible to rank some functionings. Rankings must be established through agreements based on reasoned deliberation.

Finally, Sen's discussion concerning how to value capability sets is incomplete. Sen wants to rely on information other than individual preferences and choices. However, he offers few alternatives and fails to endorse any method for evaluating capability sets. Without some guidance on this point, it is difficult to see how his view can be to provide an alternative to real income measures that include an operational metric for weighting commodities (i.e., the metric of exchange value).

JUSTICE AND CAPABILITY: SEN AND RAWLS

Sen proposes a theory of justice that provides an alternative to both utilitarianism and Rawls' (1971) theory of justice as fairness. Sen believes that the appropriate evaluative domain in which to consider issues of justice should address capabilities rather than utility or resources. He argues that the best utilitarian accounts, those based on desire-fulfillment rather than experienced pleasure, fail because they neglect the effects of physical conditions on shaping desire. For instance, individuals who suffer extreme deprivation may adapt to their situations and want only what they have a reasonable opportunity to achieve. Sen claims that from the point of view of justice, such deprived individuals are worse off because they have an impoverished capability set. Utilitarianism misses this important point because it relies entirely on information regarding the fulfilment of desire, as indicated above, fulfilled desires do not indicate well-being.

Sen considers Rawls' view to be the most credible alternative to his own, but rejects it in part because the capabilities approach is more direct in assessing what matters to human well-being. Rawls' theory of justice relies on the concept of primary goods, which are those resources (such as income, education, self-respect) that every rational agent normally needs to achieve his or her ends. According to Rawls, issues of justice concern fair distributions of primary goods. Unequal distributions of these resources are permissible only if they work in favor of the least advantaged, and only if in the absence of these inequalities the least advantaged would be even worse off.

Sen objects that at a fundamental level matters of justice concern valuable functionings, not as Rawls claims, a command over resources. Resources are only a means to valued functionings. To show this, Sen relies on examples in which people vary in their ability to convert resources into functionings. For instance, someone confined to a wheelchair needs more resources than an able-bodied person in order to participate in community life. This type of example is supposed to show that Rawls' resource approach concentrates too much on the means to freedom, and not enough on what is intrinsically valuable: the extent of achieved freedom.

In his criticism of Rawls, Sen underestimates the differences between their respective approaches to justice and equality. According to Sen, justice requires a theory of individual good that answers the Aristotelian question: what is a good life? In his vision of a just society there must be fair distributions of capabilities. Thus, the concept of well-being is central to Sen's account. In contrast, the idea of cooperation is central to Rawls' political conception of justice. Rawls argues that in a democratic society composed of free and equal persons pursuing diverse ends, justice is "a system of fair rules within which individuals with different ends can cooperate to their mutual advantage."(1957) In this scheme, just or fair distributions center on the benefits and burdens of social cooperation. Further argument is necessary to show that matters of justice must rest, as assumed by Sen, on issues of well-being.

Thus, it is not surprising that Rawls' theory fails to measure up to the standards set by Sen's capability approach, especially since Sen interprets Rawls within the context of his own program to define the social good, a goal which is not shared by Rawls.