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Development as Freedom

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ABSTRACT

This chapter offers a historical and analytical introduction to the school of thought that views ‘development as freedom’. Since it is impossible to do justice to the depth and complexity of this ‘new’ approach to development in just one short chapter, I explore a few significant dimensions of the concept beginning with Amartya Sen’s pioneering contributions. I also look at clarifications by Nussbaum and others who offer a list of important functionings that can be included in the capabilities set. The subsequent part builds on this by exploring the transition from a utilitarian welfare economics to a fully social capabilities based ethics for development with justice. The present chapter proceeds in the direction of concretizing the idea of ‘development as freedom’ by discussing the role of a network of social, economic and political institutions in creating social capabilities. This allows us to develop the argument that freedom is to be viewed dynamically as the development of appropriate social capabilities embedded in a specific network of social, economic and political institutions. The following section then presents an example of a concrete area of application—namely, the problem of developing women’s capabilities as an important aspect of global justice—in order to illustrate the practical relevance of the capabilities approach. The final, concluding section reflects on the future of the social capabilities approach as an evaluative framework for development theory and policy. It turns out that in addition to the usual list of capabilities, and policies driven by them in the field of development, a deep democratic constitution backed up by ongoing democratizing social and political movement is an integral part of the historical project of enhancing social capabilities.
1. INTRODUCTION AND HISTORICAL BACKGROUND

It is no less true of economics than in real life that fads and fashions have a peculiar hold on modern imagination. Perhaps the prevalence of such ephemeral fads and fashions led Robert Frost to proclaim in his poem ‘The Black Cottage’:

…why abandon a belief  
Merely because it ceases to be true.  
Cling to it long enough, and not a doubt  
It will turn true again, for so it goes.  
Most of the change we think we see in life  
Is due to truths being in and out of favor.

The rediscovery of a more ‘objective’ social capabilities perspective in development economics is a good case in point. The transition from classical Bentham-Mill type of utilitarianism to a modern Paretian subjective utility was completely triumphant by the 1930s when Robbins launched his devastatingly successful challenge against interpersonal comparison of utility. Subsequent work by Bergson and Samuelson on social welfare functions attempted a new type of normative evaluation of economic states; however, Arrow’s impossibility theorem, at least in its initial trajectory, seemed to many to have destroyed the analytical basis for any normative welfare economics whatsoever.

It was the brilliant analytical work of Sen in his Collective Choice and Social Welfare that raised a number of deep questions that led to a reappraisal of the whole utilitarian approach and eventually to the rediscovery of the capabilities approach. As Sen himself has graciously pointed out, his initial insights regarding capabilities came from reading Adam Smith. In a number of essays on poverty--- some of which came out from the ILO in about 1976--- Sen explored the ‘Smithian’ view that there are ‘functionings’ of individuals in society. Sen also showed that such functionings cannot be simply expressed as utilities without the risk of serious distortion and confusion. Subsequently, Martha Nussbaum has traced the Aristotlean connections of functionings and capabilities, and Khan has pointed out the Hegelian and Marxian elements in a fully social conceptualization of capabilities.

Since the revival of the idea of capability, there have been empirical applications and an interest shown by policymakers who are serious about reducing poverty and increasing the well-being of people through the process of economic development. The most notable example is the idea of a human development index or the HDI, promoted by the UN. Although the correspondence between a rigorous conception of capabilities and the HDI is not exact, and conceptual problems remain, the reach of the concept has already gained broad appeal.

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During the late 1980s and 1990s Sen explored further the connections between capabilities and ‘positive’ freedom. These explorations culminated first in a masterly monograph and in 1999, a magisterial statement on development which, as Sen argued forcefully and imaginatively, is really (positive) freedom.

This brief historical introduction cannot do justice to the depth and complexity of this ‘new’ approach to development. In the rest of this chapter, I intend to explore a few dimensions of the concept beginning with Amartya Sen’s pioneering contributions. This is the theme of the next section (section 2). In section 3, I look at clarifications by Nussbaum and others and offer a list of important functionings that can be included in the capabilities set. Section 4 builds on this by exploring the transition from a utilitarian welfare economics to a fully social capabilities based ethics for a just development. Section 5 goes further in the direction of concretizing the idea in a Hegelian sense by discussing the role of a network of social, economic and political institutions in creating social capabilities. This allows us to develop the argument that freedom is to be viewed dynamically as the development of appropriate social capabilities embedded in social, economic and political institutions. The following section then presents an example of a concrete area of application--- namely, the problem of developing women’s capabilities as an important aspect of global justice--- in order to illustrate the practical relevance of the capabilities approach.

The final, concluding section summarizes and reflects on the future of the social capabilities approach as an evaluative framework for development economics.

2. THE PIONEERING CONTRIBUTIONS OF AMARTYA SEN

One way to enter into a discussion of capabilities is via a critique of alternative approaches. Another, more positive and direct way, is to consider the meaning of normative concepts such as ‘equality. Here I will take the second, more direct route. In his preface to *Inequality Reexamined*, Sen himself is quite forthright:

The central question in the analysis and assessment of equality is, I argue here, ‘equality of what?’ I also argue that a common characteristic of virtually all the approaches to the ethics of social arrangements that have stood the test of time is to want equality of *something*—something that has an important place in that particular theory. Not only do the income egalitarians... demand equal incomes, and welfare-egalitarians ask for equal welfare levels, but also classical utilitarians insist on equal weights on the utilities of all, and pure libertarians demand equality with respect to an entire class of rights and liberties. (Italics in the original)

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2 Sen 1992. *Inequality Reexamined*
Sen’s answer to this question, ‘equality of what?’ is that what we need to equalize is not income or utility, but capabilities. His argument on the positive side proceeds from a recognition of individual diversities and the different abilities of particular individuals to convert income, resources or commodities to actual functionings. Here, it may be useful to distinguish between functionings and capabilities. Individual functionings are distinctive levels of doing certain things or living a particular aspect of life. For example, the level of nourishment or general state of health. Capabilities can be thought of as a set of all potentially available functionings that are achievable for a particular person with a certain amount of resources. A person may then choose a vector of maximal functionings from the set.\(^4\) Thus, underlying the capabilities perspective is a respect for individual diversities. At the same time, the principle of equalizing capabilities, in Sen’s analysis of development leads to a policy of redistributing resources towards certain socially and economically disadvantaged groups--- women, in particular.

Sen’s focus on diversity is quite clear. He states:

…the diversity of spaces in which equality may be demanded reflects a deeper diversity, to wit, different diagnoses of objects of value--- different views of appropriate notions of individual advantage in the contexts in question….Liberties, rights, utilities, incomes, resources, primary goods, need-fulfillments etc., provide different ways of seeing the respective lives of different people, and each of the perspectives leads to a corresponding view of equality.\(^5\)

The sheer beauty of Sen’s argument is that he then focuses on individual diversities to pinpoint the role of capabilities as a more encompassing and fundamental space in which inequality comparisons can and should take place. In a sweeping fashion capabilities are then connected with rights, justice and ultimately freedom.\(^6\)

Just as wealth creation is to be judged by the yardstick of capabilities creation, poverty or deprivation in general is also redefined as not just inadequate income, but as more fundamental inadequacies of capabilities.\(^7\) Since poverty reduction is considered by some to be the central problem of development, it is worthwhile to discuss this further.

There is by now a vast literature on measurement of poverty. Theoretically, the seminal paper was Sen’s 1976 axiomatization and the associated index that attempted to bring together the headcount ratio, the income gap ratio and income inequalities among the poor within a consistent axiomatic framework. Since then, as stated above, Sen and others following him have moved in the direction of a multidimensional approach to poverty as inadequate capabilities.

The general intuition behind poverty measurement is that ‘poverty’ exists when a

\(^4\) Or, to be more general and cover all possibilities consistent with mathematical set theory, there may be more than one best element as well.
\(^5\) Sen.1992, p.25
\(^6\) See Khan 1998, ch. 7 for a discussion and critique of some these positions and connections.
\(^7\) Of course, not everyone agrees. See, for example, Hayami (2003).
group of people in a particular society cannot attain a ‘minimum’ level of well-being. The 
‘minimum’ is at least partly dependent upon the prevailing standards of society. However, 
there are dimensions of well-being such as nutritional requirements that might actually 
constitute an absolute biological minimum. The idea behind absolute as opposed to 
relative poverty is that by using generally agreed upon minimum standards of well-being, 
we can, in fact, define an income poverty line. Such income poverty line gives the cut-off 
point below which everyone is deemed to be poor. The key questions in applying this 
idea of poverty for applied policy issues are:

1. How do we assess well-being? 
2. How do we decide on a certain poverty line so that when a poor person 
crosses that threshold s/he is no longer poor?

These are the questions which ask us to identify who the poor are. Therefore, this 
can be called, using Sen’s terminology, the “identification” of poverty. As a second step, 
the total picture of poverty is arrived at by aggregating. Hence, Sen’s coinage of the term 
“aggregation problem”. Head count ratio is one obvious example in which one simply 
counts the number of people below the poverty line and then divides this number by the 
total number of individuals in a particular society.

In terms of identifying the poor through the setting of the poverty line, a number 
of issues can arise. The following four questions are one way of raising some these issues 
(Fields 2001):

1. Is the basis income or consumption, and how comprehensively will either one 
be measured? 
2. What is the income-receiving unit: individual, family, per capita, or adult 
equivalent? 
3. Will there be a single poverty line or will there be separate ones for urban and 
rural areas or different regions of the country? 
4. Is the poverty line income determined scientifically, politically, subjectively, 
or as a matter of convenience?

In terms of both identification and aggregation of poverty, the procedure depends 
partly on axiomatizing the concept of poverty so that any particular measure has a 
number of desirable properties. The most common axioms are focus, anonymity, 
population homogeneity, monotonicity or strong monotonicity, and distributional 
sensitivity. Among the commonly used indexes, the head count ratio fails both the strong 
monotonicity and distributional sensitivity axioms. Converting the various axioms from 
the space of income to the space of capabilities makes comparison more difficult 
although, as seen above, the approach is conceptually appealing.

Sen (1999) suggests several ways of comparing capability information as a way 
out of such difficulties. First, there is the direct approach. One might be able to examine

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8 For a discussion of some of these problems see Sen (1992,1999), Khan and Sonko (1994) and Khan and 
Parvin (1984),
directly the vectors of functionings and capabilities. In some cases, if one is lucky a total comparison ranking all such vectors of functionings and capabilities with respect to one another in terms of poverty may be possible. However, in many instances one may not be so lucky. Even then, a partial ranking of some vectors of functionings and capabilities compared with the others may be possible. Finally, one may wish to emphasize a particular dimension such as health. Sen calls such exercises ‘distinguished capability comparison’. Notice that if the particular dimension chosen is income, then we are back to comparing income poverty.

Secondly, there is the supplementary approach. The supplementary approach makes use of standard traditional procedures of comparison in income space. However, such comparisons are supplemented by information on functionings or capabilities. An example will be the augmentation of the World Bank’s one or two dollars a day poverty analysis with information on longevity, literacy, women’s status etc.

Finally, a third approach which is more ambitious than the supplementary approach relies on the notion of some adjustment to income. Sen mentions that ‘… family income levels may be adjusted downward by illiteracy and upward by high levels of education.’ In his work connecting environmental damage with inequality and poverty, Khan (1997) uses a concept of adjusted income where a monetary equivalent of environmental damages is subtracted from everyone’s income. He then goes on to show that even if these damages are distributed equally—- a conservative ‘equality of misfortunes’ assumption—- under the standard axioms of inequality and poverty comparisons both inequality and poverty as measured under the adjusted income distribution is in almost all cases larger than in the unadjusted case. Thus this third approach, called the indirect approach by Sen, can be of use as well.

It seems reasonable to conclude from the above discussion that in spite of some measurement problems, the concept of capabilities as advanced by Sen, could be operationalized, at least partially. There were, however, some need for further conceptual clarification of the initial formulation of capabilities as well. This is where the contributions of Nussbaum and others become relevant. I now turn to a brief discussion of these and some related issues.

3. CLARIFICATIONS BY NUSSBAUM AND OTHERS: CONNECTIONS WITH ARISTOTLE, HEGEL AND MARX

In a number of influential and insightful contributions Martha Nussbaum has developed an Aristotelian interpretation of capabilities. The connections between capabilities and a distinctly Aristotelian conception of human flourishing are indeed striking. Later in this section I will discuss a list of general capabilities drawing upon both Sen and Nussbaum. The Aristotelian connections, I hope will become quite clear through this exercise in comparison and contrast.

9 See Sen (1999), pp.81-85
In *Technology, Development and Democracy*, I have pointed out some Hegelian connections as well. In particular, the Hegelian conception of freedom as an interactive arrangement in society where concrete institutions of family, civil society and state all play definite roles seem a specifically modern way of viewing the possibilities and limits of human flourishing in a liberal society based on private property. Hegel’s *Philosophy of Right* is a landmark contribution, in this sense, to the elucidation of the problem of freedom in modern societies.

If we turn now to the equally interesting thesis of Gilbert (1990) that Marx was an Aristotelian in his critique of alienation, it can be seen that such a conception of the theory of alienation supports the emphasis on the capabilities as non-alienated set of qualities that are potentially attainable, but may actually be by and large unachievable under the existing institutional arrangements. Gilbert points out that in some parts of Capital Marx “… compared productive activity in general with labor under capitalism in a purely Aristotelian way.” Marx’s characterization of Milton’s labors on the Paradise Lost as self-motivated, non-alienated labor and his contrast of such labor with that of a hack writer who writes only for the money he receives from the capitalist publisher underlines the good of genuine life-affirming labor. Ironically, in real life under capitalism and in bourgeois political economy Milton’s labor is ‘unproductive’ while the hack is a ‘productive’ wage-laborer.

In Capital, Marx shows how the accumulated dead labor in the form of capital dominates workers. Workers are mere means of further accumulation. Under the sign of capital death dominates over life and denies the workers the necessary opportunity to realize their potential to be free, creative beings. As Gilbert points out, Marx’s seemingly nonmoral starting point of analyzing commodities ultimately leads to a moral critique of capital as a social relation. Interestingly, a qualitative labor theory of value (QLTV) that is being currently developed by a group of thinkers who are of Hegelian orientation as well would seem to imply such a moral critique as well. In particular, going beyond abstract labor means recognizing the use value/exchange value distinction as emerging in a historically specific, alienated and alienating mode of production. Going beyond such a distinction ultimately means going beyond the value form itself in the political economic sphere, or rather more broadly, a transvaluation of values in a society of the future that can result from a transformation of capitalist social relations historically.

Taking the QLTV as the central explanatory framework and connecting it with eudaemonism can also help illuminate Foucault’s important insights about the societies of discipline and control that form a part of his critique of modernity. From this point of view such developments are consistent with the reproduction of the value form under the domination of capital. Foucault shows how the discipline of the army served as the model for discipline in the factory. In fact, for Foucault, virtually every institution is permeated

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10 That is, under the strict assumption that no wage payments were made.
11 Gilbert (1990) ch. 7.
12 The Nietzschean language is intentional. A radical interpretation of both Marx and Nietzsche can find much that is in common in ethics between these two revolutionary thinkers of the nineteenth century.
with this disciplinary mode of functioning until a more subtle and manipulative system of control can be developed.

Foucault’s concept of bio-power is a particularly powerful way of characterizing how the production and reproduction of life itself can become an object of control under capitalism. In *Discipline and Punish*, Foucault analyzes in detail how the human body can be objectified. The fundamental goal of the disciplinary power was to create a “docile body”. At the same time, this docile body also needed to be a productive body. Looked at from the perspective of QLTV, this implies nothing less than the total alienation of flesh and spirit. Once again, the problem from the human point of view---in spite of the ironically avowed “anti-humanism” of early Foucault---then becomes: how to overcome this alienation?

We now turn to this problem. If, as I have argued so far, the abolition of alienation requires the abolition of capital as a relation of domination, can QLTV throw any light on how to abolish capital as a social relation? Could capabilities then be reconstrued in a more radically critical way by following this Aristotelian-Hegelian-Marxian connection? In the rest of this chapter, I show that this can be done and explore the further implications of this move for development theory and policy. In what follows, I first give a characterization of capabilities following Sen, Nussbaum and others. I then discuss the fully social and political nature of these capabilities.

Capabilities can be construed as general powers of human body and mind under specified social, economic and political structures that can be acquired, maintained, nurtured and developed. They can also (under circumstances such as malnutrition or severe confinement) be diminished and even completely lost. I have emphasized elsewhere the irreducibly social (not merely biological) character of these human capabilities. Sen himself emphasizes "a certain sort of possibility or opportunity for functioning" without always carefully specifying the institutional setting.

In order to assess the critical reach of such a fully social capabilities perspective we need to go further and try to describe more concretely what some of the basic capabilities may be. David Crocker has given an admirable summary of both Nussbaum’s and Sen's approach to capabilities in a recent essay. Mainly relying on Nussbaum but also on other sources (shown below), he has compiled a list that is worth reproducing here:

Basic Human ‘Social’ Capabilities (N and S stand for "Nussbaum" and "Sen", respectively; the quoted items come from Nussbaum unless otherwise noted).

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13 See Foucault (1978, 1980, 1994) and Dreyfus and Rabinow (1992). Foucault’s debt to Nietzsche as far as the exploration of biopower among other things, through a genealogical study is concerned, has been acknowledged by Foucault himself.

14 My usage of social is akin to Gilbert’s (1990) use of ‘social’ in social theory. Important political features are also included in the category of ‘social’. However, as above, I will use ‘social and political’ also to underline the salience of both political ideas and practices.
1. Capabilities in Relation to Mortality
   1.1. N and S: "Being able to live to the end of a complete human life, so far as is possible
   1.2. 1.2. N: Being able to be courageous

2. Bodily Capabilities
   2.1. N and S: "Being able to have good health.
   2.2. 2.2. N and S: "Being able to be adequately nourished.
   2.3. N and S: "Being able to have adequate shelter
   2.4. 2.4. N: "Being able to have opportunities for sexual satisfaction"
   2.5. N and S: "Being able to move about from place to place

3. Pleasure
   3.1. N and S: "Being able to avoid unnecessary and non-useful pain and to have pleasurable experiences

4. Cognitive Virtues
   4.1. N: "Being able to use the five senses"
   4.2. N: "Being able to imagine"
   4.3. N: "Being able to think and reason"
   4.4. N and S: "Being acceptably well-informed"

5. Affiliation I (Compassion)
   5.1. N: "Being able to have attachments to things and persons outside ourselves"
   5.2. N: "Being able to love, grieve, to feel longing and gratitude"

6. Virtue of Practical Reason (Agency)
   6.1. N: "Being able to form a conception of the good
   S: "Capability to choose; "ability to form goals, commitments, values
   6.2. N and S: "Being able to engage in critical reflection about the planning of one's own life"

7. Affiliation II (Friendship and Justice)
   7.1. N: "Being able to live for and to others, to recognize and show concern for other human beings, to engage in various forms of familial and social interaction"
      7.1.1. N: Being capable of friendship
      S: Being able to visit and entertain friends
      7.1.2. S: Being able to participate in the community
      7.1.3. N: Being able to participate politically and being capable of justice

8. Ecological Virtue
   8.1. N: "Being able to live with concern for and in relation to animals, plants and the world of nature"

9. Leisure
9.1. N: "Being able to laugh, to play, to enjoy recreational activities"

10. Separateness
10.1. N: "Being able to live one's own life and nobody else's"
10.2. N: "Being able to live in one's very own surroundings and context"

11. Self-respect
11.1. S: "Capability to have self-respect"
11.2. S: "Capability of appearing in public without shame"

12. Human Flourishing
12.1. N: "Capability to live a rich and fully human life, up to the limit permitted by natural possibilities"
12.2. S: "Ability to achieve valuable functionings"

As Crocker correctly points out, we can facilitate this ordering by requiring that ‘… it might be better for practical rationality and affiliation to "infuse" but not "organize" the other virtues.’ Crocker contrasts Nussbaum's approach with Sen's. Sen's and Nussbaum's lists differ at a few points. For Sen, the bodily capabilities and functionings are intrinsically good and not, as they are in some dualistic theories of the good life, merely instrumental means to other (higher) goods. In interpreting Aristotle, Nussbaum distinguishes between bodily functionings that are chosen and intentional, for instance, "chosen self-nutritive and reproductive activities that form part of a reason-guided life" and those that are non-intentional, such as digestion and other "functioning of the bodily system in sleep".

Furthermore, Nussbaum has included items such as "being able to have attachments to things and persons outside ourselves" and "being able to live with concern for and in relation to animals, plants and the world of nature", for which Sen has no counterparts. These items are welcome features. Item 8, "ecological virtue", is an especially important addition to Nussbaum's outlook. In a period when many are exploring ways of effecting a convergence between environmental ethics and development ethics, it is important that an essentially anthropocentric ethic "make room" for respect for other species and for ecological systems. Worth considering is whether Nussbaum's "ecological virtue" is strong enough. Perhaps it should be formulated to read: "Being able to live with concern for and in relation to animals, plants, and nature as intrinsically valuable." Item 9 injects some appealing playfulness in a list otherwise marked by the "spirit of seriousness." What explains the presence of these items on Nussbaum's list, their absence on Sen's list, and, more generally, the more concrete texture often displayed in Nussbaum's descriptions? One hypothesis is that the differences are due to Nussbaum's greater attention to the limits, vulnerabilities, and needs of human existence. Further, it may be that Nussbaum's richer conception of human beings derives from making use of the story-telling imagination far more than the scientific intellect." On the other hand, Sen helpfully includes the good of self-respect, a virtue that enables him to find common ground with Rawls and to establish links with the
Kantian ethical tradition, in which moral agents have the obligation to respect all persons, including themselves, as ends-in-themselves.

Both Sen and Nussbaum agree, however, that these capabilities are distinct and of central importance. One cannot easily trade off one dimension of capability against another. At most, one can do so in a very limited way. They cannot be reduced to a common measure such as utility.

As Crocker points out, "capability ethic" has implications for freedom, rights and justice going far beyond simple distribution of income considerations. If one accepts the capability approach as a serious foundation for human development, then it follows that going beyond distributive justice is necessary for a complete evaluation of the impact of economic policies.

In evaluating any policy regime --- for instance international financial regimes and national economic policies under globalization --- from this perspective not only do we wish to pose the question of efficiency but also the whole set of questions regarding human freedom. In particular, the positive human freedom to be or to do certain things. Thus, creation of markets and efficient production by itself would mean very little if it led to a lopsided distribution of benefits. Worse yet, if markets and other institutions led to phenomena such as reduced life expectancy, increased unemployment, reduced consumption levels for many and deprivation for certain groups such as women and minorities then they will not even be weakly equitable global economic structure. On the contrary, under such circumstances, the global markets and other financial institutions will be strongly inequitable from the capability perspective.

It is because of this perspective that the existing positive analysis of the problems of global financial markets and institutions need to be put in a completely transparent “social capabilities” framework. Such a framework is openly normative and makes a strong ethical case for helping the disadvantaged increase their capabilities towards achieving equality of capabilities. Thus, for instance, poorer nations and poor people in the global economy deserve a special ethical attention within any proposed global financial architecture. As Khan (1998) shows in the context of adopting innovation structures leading to increased productivities, ultimately the aim of any increase in productivity needs to be the increase of freedom. Such freedom, as Sen (1999) points out has both an instrumental value and an ultimate value. Instrumentally, freedom as social capabilities can lead to a further increase in productivity. Thus even a hard-nosed, efficiency driven analysis must address this aspect as an empirical issue. Therefore, an Aristotelian interpretation of Sen- Nussbaum conceptualization of capabilities can go a long way towards a social democratic regime of development as freedom, and this is much to be applauded. However, pushing the concept of social capabilities in the Hegel-M Marx direction of overcoming alienation by achieving freedom as a concrete universal

15 See Khan (2004, forthcoming) for advocating an approach in this spirit with regards the role of globalization. Khan (1997) applies this framework to an evaluation of trading regimes from the point of view of economic justice in Africa in particular.
requires a very radical form of global social democracy. I now turn to a demonstration of this thesis.

4. FROM UTILITARIAN WELFARE ECONOMICS TO A SOCIAL CAPABILITIES BASED ETHICS

The utilitarian tradition in economics, as Sen correctly reminds us is based on three distinct components. One of these is consequentialism. All choices of actions, rules, institutions etc. must be judged by the consequences of the particular choice made. In this sense, consequentialism is merely results oriented. It does, however, rule out purely or exclusively rights-based or deontological decision rules. A second constituting element of utilitarianism is what Sen has termed ‘welfarism’. According to Sen welfarism ‘…restricts the judgments of state of affairs to the utilities in the respective states…’ Combining welfarism with consequentialism, one can derive the proposition that ‘…every choice must be judged by the respective utilities it generates.’

Finally, the third element, namely, sum-ranking of utilities imposes an aggregation scheme whereby utilities of different people can simply be summed together without bothering about their distribution over the entire population. This neatly sidesteps who gets what; but it is clearly the greatest good under the three conditions when utility is the only good to consider. Notice that Robbins attacked the classical utilitarian idea of interpersonal comparability and by implication sum-ranking of utilities in the 1930s. But the alternative, radically subjective view of personal utility also sidesteps the issue of distribution. No two Pareto optimal states are, strictly speaking, comparable. In general equilibrium theory the second theorem of welfare economics merely states that under a suitable redistribution of initial endowments, every Pareto optimal state can be achieved as a competitive equilibrium. However, there is no bias towards---or, for that matter, against--- an egalitarian distribution.

What Sen’s more radical critique of utilitarianism and his replacement of utility with capabilities have done is to change the paradigmatic terms of discourse. It is no longer necessary to debate the various meanings of utility and what the distribution of utilities should be. The talk about utilities has been replaced by talk about positive, concrete freedoms, as the Sen-Nussbaum list of capabilities above demonstrates.

With this radical shift of the terrain of discourse, however, there is also a set of new questions that arises. What are the social, political and economic conditions under which capabilities are best promoted for all the people in an equalizing direction. Both the levels and distribution of capabilities are important. Perhaps responding in an indirect way to earlier criticisms Sen has outlined the ‘perspective of freedom’ more definitely. Freedom is important both for evaluative and for effectiveness reasons. Evaluation of societies by the actual amount of substantive freedoms enjoyed by people is radically different from using utility, procedural liberty, real income etc. Effectiveness reason rests on Sen’s claim that freedom enhances the ‘agency’ of the individual leading to greater individual initiative and social effective social participation. Thus freedom can be viewed
as both the primary end and the principal means for development. Sen also gives a five fold classification of instrumental freedoms as consisting of political freedoms, economic facilities, social opportunities, transparency guarantees and protective security. In the rest of this section I argue that a perspective of global ‘deep democracy’ consistent with Sen’s characterization of freedom leads us to a consistent critique of the existing political and socioeconomic arrangements globally. Following the enlightenment project as formulated by Kant, and the critique of Kantian understanding by Hegel, and finally, the ‘this-sided’ worldly critique of Hegel by Feuerbach and the dialectical critique of Feuerbach’s onesided materialism by Marx takes us to a questioning of the existing institutions when these fail to promote and equalize social capabilities. The theory of ‘deep democracy’ captures many of these concerns.

Building on both the contributions of classical thinkers from at least Rousseau onwards, but also on modern theories of participatory and strong democracy advanced by scholars such as Barber deep democracy advances the thesis of equalization of capabilities as a central concern of global economic justice. Most important from this perspective is the work by scholars such as Alan Gilbert (1990) on radical democracy that is internationalist and welcomes mass activism.

Extending the important earlier work of Gilbert, Khan (1992, 1993a,b; 1995, 1998, 2004a,b) in a number of essays and books establishes the claim of equalizing social capabilities along with global justice as central elements of a sufficiently rich conception of democracy which respects the rights of citizens underlying the core concept of democracy. Conceiving rights following Sen as ‘goal rights’ is one way to defend the centrality of capabilities. Another way is to view these rights--- most importantly, the right to self-determination--- as self-sustaining if and only if movement towards equalization of capabilities can be sustained globally. Extending Gilbert’s cluster conditions for democracy Khan (1992, 1998) establishes that three clusters are of particular significance. The political cluster begins with formal democratic principles of universal suffrage and elections, but does not stop there. Although this ‘formal democracy’ must be defended vigorously, it is seen as one aspect of a deeper form of democracy that various polities are moving towards.

In order to gain insight into these deeper form, we need to ask what conditions can sustain freedom which is the core idea underlying democracy. The answer is that as soon as freedom is conceived positively and not just as mere absence of coercions, capabilities come to the fore. However, probing deeply into the project of enhancing and equalizing the capabilities of citizens even in a rough, practical sense economic and cultural conditions come to be seen as crucial. For example, education, including critical ethical and political education is recognized as of utmost importance. In so far as democratic movements for a just society have been schools for political education--- say, starting with at least the political movements from 17th century onwards including major movements in the 20th century and the new social movements of this century--- these are not just disruptive moments, but are complex struggles where much political learning about freedom takes place. Thus deep democracy will necessarily involve a continuous

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16 see also Kateb (1984).
engagement with the past, present and future of the democratic movements in a pluralistic context. Periodic individual and mass nonviolent civil disobedience movements will of necessity be part of a deep democratic agenda.

Economically, the provision of leisure time for both personal private interest and the exercise of citizenship responsibilities will be necessary. Workplace democracy is also a salient condition, since production is socially necessary and will occupy a certain amount of time for all able bodied and mentally competent adults. The capabilities literature has not always been clear on this point. However, it is logical to think that a person’s capabilities will suffer deprivation if working conditions do not allow discussion, participation and ‘ownership’ of work conditions. The literature on flat organizations in knowledge economy generally makes a case for the newer ‘intellectual’ labor to be treated in this way; but the social capabilities approach leads to the conclusion that all work in organizations large and small should be treated this way so that workplace alienation can be overcome without necessarily using labor saving capital-intensive technologies.

Overcoming alienation also requires a vibrant culture where artistic and other forms of individual and collective expressive activities are as open as possible. Capabilities in this dimension are vital for the protection of democratic values and practices, since these also involve internalization of mutual respect, integrity, tolerance and creativity. It can also be seen that using the advances in cognitive, social psychology and some schools of psychoanalysis capabilities can be further advanced through a therapeutic approach to social problems. A ‘postmodern’ insight is also the need to recognize the limits to certain types of economic growth. As Daly and others have pointed out the scale of production counts in a globalized, interdependent planet in a significant way. Ecological issues will often require a just global democratic procedure for deliberation and policymaking. In short all of the cluster conditions---political, economic and cultural--- require a theory of global justice as an underpinning and justification.

Khan (1998) has proposed such a theory in the context of a postmodern world by building on elements of Rawls and Sen. In brief outline the structural forces in the global economy push towards integrating markets and regions. However, many markets are embedded in national economies; there are also non-market aspects of social and cultural lives of people that are threatened. As a result we find the contradictory phenomena of McWorld and Jihad (Barber, 1995). The creation of a genuine global society, which many see as the ultimate outcome of globalization then necessitates meeting the requirements of global justice. Khan (1998) mentions at least 5 areas, where the norms of global justice must evolve (among others):

1. **International trade and monetary regimes:** The current asymmetric system of payments which penalizes the deficit countries by forcing only them to bear the costs of adjustment needs to be made a global burden sharing institution. The World Trade Organization, similarly, needs to acknowledge the historical imbalances in the world trading system. For
example, specialization according to static comparative advantage may lock the developing countries in a relatively backward situation in the emerging global division of labor.

2. **International capital flows**: From the perspective of many people in the developed economies capital flight to LDC’s (with or without free trade agreements) may constitute a barrier to well-being, at least in the short-run. At the same time foreign direct investment in LDCs may create only low-wage, marginal jobs (Wood, 1994). A just approach to FDI must consider the effects on both the north and south in terms of self-determination. A controlled capital flow accompanied by improvements of wages and working conditions in the south may be the most desirable solution.

3. **International ecological considerations**: Global interdependence has been increasingly recognized in this area. However, it is not clear what justice demands in terms of the relationship between the north and south. Other things being equal, the enforcement of strict environmental standards would seem to be just. However, such standards may destroy the livelihood of some people in the south, it is sometimes argued. A global tax and transfer scheme would seem to be the precondition for applying a global set of environmental standards. The transfer of ecologically sound technology systems from rich to the poor countries is a precondition for justice in this sphere.

4. **Asset redistribution and human development**: Much of the foregoing discussion pinpoints the need for giving people the economic wherewithal in order for them to develop their social capabilities. Most studies (e.g., Adelman and Robinson, 1978; Khan, 1985; James and Khan, 1993) have discovered that non-redistribution of assets to the poor hampers poverty alleviation strategies. Redistributing assets and developing their human capital so that the poor can have access to markets becomes a major necessity in our normative framework. In most parts of the world this will require structural reforms rather than marginal policy interventions.

5. **Gender justice**: The impact of globalization on women will have to be assessed carefully. The well-documented facts regarding gender inequalities that so far have affected women’s capabilities negatively demand unequivocally that policymakers pay careful attention to enhancing (or at least not decreasing) women’s capabilities. Will the globalization help women to overcome social limitations ranging from lack of nutrition to limits on participation in social, economic and political life? Unfortunately, the answer is unclear. In so far as many developing country women do not possess skills for the global market place, globalization is already hurting them.
These five examples are meant to be illustrative only. By no means do they exhaust all the pertinent issues in moving towards a just economy globally. (For example, we could add or highlight the growing rural/urban disparities with globalization and its implications for justice). But they do illustrate both the problems and prospects for justice in the age of globalization. One of the major political problems we have not discussed so far is the weakening of national sovereignty that the call for global economic justice entails. Agreeing to a global mode of production and distribution constrained by the principles of justice does mean surrendering considerable authority to international agreements, conventions, and ultimately, perhaps to new international organizations. It should be observed, however, that even without the constraining role of justice the globalization process weakens national sovereignty, even for advanced industrialized countries (e.g., NAFTA). Thus, the call for a just economy must confront this (as well as other issues such as weakening of traditional cultural modes of living) head on in the light of reasonable principles. The fundamental message is that among these principles that of freedom as rational autonomy of the individual must be the principal one. This is one rational (perhaps the only one) approach if we are to avoid both the Scylla of Jihad and the Charybdis of McWorld.

The McWorld aspect of globalization is a result of a fractured but real economic, financial and technological integration. Following the collapse of the Bretton Woods Agreement in the early 1970s, the financial market (including interest rates and exchange rates) was deregulated, thereby enhancing the flow of capital between nations. Until then the world financial system was governed by the Bretton Woods agreement of 1945 which provided for fixed exchange rate where currency values were expressed in terms of dollars and gold. When the system was abolished in 1971 by the Nixon administration and replaced by a floating exchange rate, the grounds for a global market were laid.

This was reinforced by the resurgence of a neoliberal free-market ideology of liberalization, privatization and deregulation that became the "only game in town" following the ascendance of political conservatives -- Reagan in the U.S., and Thatcher in Great Britain. It was further reinforced by the collapse of the former socialist countries and the emergence of the neoliberal thinking as a dominant and unchallenged school of thought (Falk, 1997). All these factors created a conducive environment for the free movement of goods including capital goods, and services as well as finance, thereby seemingly creating an integrated global economy. In the following section we discuss the main causes of this contradictory but nonetheless integrating moment in the world economy. However, an alternative set of policies that can address the problems of slow growth and external payments while promoting the equalization and enhancement of social capabilities is also possible as the discussion in section 7 below will show.

5. THE ROLE OF A NETWORK OF INSTITUTIONS IN CREATING SOCIAL CAPABILITIES: FREEDOM AS THE DYNAMICS OF SOCIAL CAPABILITIES EMBEDDED IN INSTITUTIONS
From our normative analysis so far it would appear that a nuanced, broad consequentialism of the sort Sen advocates---‘a goal rights system with consequence-based reasoning’---is superior to a narrow deontological view of rights and freedom such as Nozick’s. But the modern Hegel-Marx connections push us further in the direction of a critical assessment of institutions and the need for radical institutional change if necessary. The necessity for such changes is obvious in predatory regimes such as the Pol Pot regime in Cambodia, or Saudi Arabia under corrupt princes. But a wide range of institutional changes are necessary even in formally democratic regimes such as India, or Bangladesh.

The central point about deep democracy is that it is a network of institutions, and not just an agenda for piecemeal reforms. Although individual reforms are welcome and to be supported vigorously, a movement for deep democracy must advocate deeper, systemic changes along with the specific reforms that people are fighting for at any given moment. Therefore, the role of the new social movements is, from this perspective, positive and encouraging; but in order to be fully effective, these movements must have a deep democratic agenda and fight for it openly.

The network of social, political and economic institutions necessary for promoting such well-being freedoms and agency freedoms as are necessary for the full self-determination can be both historically and culturally specific. However, they must involve the provisioning of adequate amount of resources and safeguards. Along with the constitutionally liberal guarantees of physical safety and freedom from arbitrary coercion, there must be positive guarantees of being able to pursue a political life of citizenship that gives social and political opportunities to all. In the age of globalization, this implies, ultimately, that nothing short of a global charter of rights for all humans with implementing institutions at both international, national and local levels are called for.

This may seem hopelessly utopian to many. Therefore, let me observe that the strategic positioning of fighting for a global citizenship does not negate the many small, local struggles for extending well-being and agency freedoms, but rather the strategy is predicated upon active participation in whatever capacity it is possible, across the national boundaries in these myriads of ongoing struggles. The more farsighted people in the anti-globalization movements around the globe are already moving in this direction. The positive policy changes from above for promotion of the capabilities of the disadvantaged in particular---by the International Financial Institutions, developed country governments and developing country governments---are always welcome developments; however, the partial and limited nature of these policy initiatives need to be recognized. It is also doubtful that without mass democratic movements from below even limited reforms from the above will be forthcoming.

The economic struggles for better wages and working conditions in both domestic and transnational firms are of great significance in the age of globalization. The social capabilities will remain greatly stunted even under conditions of full employment if low wages and dangerous, unhealthy working conditions are the norm. A more radical step
which is consistent with the logic of development as freedom is the overcoming of domination in the workplace. Such struggles for the overcoming of domination in the workplace can then be connected with the broader democratic movements around the world.

The important point that emerges from this perspective is that freedom is positive, concrete and dynamic. It is positive in the sense of alerting us to the need for promoting social capabilities. It is concrete in two senses. One is the concreteness in the identification of specific functionings and capabilities that the ‘development as freedom’ approach calls for explicitly. The second concrete aspect--- here freedom is finally, a ‘concrete universal’ in Hegel’s terminology--- is the absolute necessity to embody social freedom in concrete, interrelated, historically specific social, political and economic institutions. It is dynamic in the sense that such institutions and to some extent, the idea of freedom itself may undergo further changes in the direction of promoting further capabilities as the future unfolds. In the next section, a concrete illustration of this idea is attempted by looking at the problems of women’s capabilities.

6. WOMEN’S CAPABILITIES PROMOTION AS A SPECIAL POLICY IMPERATIVE: PRESENT TASKS AND A MOVEMENT TOWARDS THE FUTURE

Within this project of promoting global ‘deep democracy’ through the progressive equalization and enhancement of social capabilities defended above, certain items such as ecological justice, sharing of wealth across borders and gender justice have proved to have both logical and normative salience. Here, I develop one theme--- namely, the problem of developing women’s capabilities as an important aspect of global justice--- as an example to illustrate the practical relevance of the capabilities approach.

Here, too, the two important modern pioneers are Sen and Nussbaum. Sen’s Inequality Reexamined has an important chapter on Gender and Capabilities. Sen has contributed to a rigorous examination of the connections between gender and capabilities both conceptually and through empirical work in collaboration with others. Women, Culture and Development--- Nussbaum’s edited volume with Jonathan Glover as the coeditor--- is another landmark contribution to the field of gender and development. Nussbaum (2000) is also a most illuminating contribution, but here I will focus on the pioneering 1995 edited volume for the most part. Incidentally, Nussbaum (1995) also takes issue with certain relativist postmodern criticisms of ‘essentialism’ and defends an Aristotelian ‘essentialist’ conception of capabilities here as well. Jonathan Glover contributes a balanced and judicious essay defending ‘reasonable’ interventions while avoiding ‘policy imperialism’ from above. There is also an important essay by Sen on gender inequality and theories of justice in the third part of the book.

The book begins with a concrete case study of women’s right to employment in India and Bangladesh based on her fieldwork by Martha Chen. Apart from the editors, a number of different perspectives on methodology and foundations of conceptualizing

women’s equality are presented. For example, Onora O’Neill presents a vigorous case against using preference satisfaction as the normative criterion in economics. She couples this with an equally vigorous defense of the capabilities approach. She is, however, a Kantian and weaves skilfully the capabilities approach with a form of the Kantian principle that we not act on principles that can not be acted upon by all and argues that such a Kantian principle can serve as a valuable test for viable social policies. Her arguments result in showing that victimization, by violence, by coercion, by intimidation, is simply unacceptable. Inter alia, this is also a powerful condemnation of the victimization of women.

I have already mentioned David Crocker’s meticulous essay on the concept of capabilities. Hilary Putnam also defends a pragmatic approach close to John Dewey’s position that there could be a rational basis for articulating and holding onto an ethical position. Although, as Linda Alcoff points out in her comments, some feminists have followed philosophers such as Nietzsche and Foucault in order to criticize the kind of ‘rationalistic’ approach Putnam defends, the point that democratic processes are necessary in Putnam’s argument seems to be intact. In my defense of a deeper form of democracy, I have emphasized the need for respecting differences, and the role of power and desire as well, without making the last two items either epiphenomena or overwhelmingly arbitrary. Indeed, the recognition of the ‘Dionysian’ aspects of human nature leads to the need for a structure and procedures for democracy that will both protect individuals from tyranny and promote their social capabilities in an interactive, causally reciprocal and efficacious manner.

Respecting differences among cultures does not preclude a consideration of cross-cultural standards of justice. This is an important conclusion drawn by Seyla Benhabib in the Nussbaum-Glover volume. There are internal debates within each culture about justice, as Sen and others have also pointed out. There may be sufficient common ground among seemingly different cultures in their critical and reflective discourses on ethics and justice. This points to the possibility of discussing women’s capabilities from a global and objective perspective. There are a number of other essays--- conceptual and empirical--- including the highly relevant and important essays in part iv which give regional perspectives on women’s equality from China, Mexico, India and Africa.

From matters of basic functionings such as health and survival to issues related to political voice--- in short, the whole spectrum of functionings related to self-determination--- there is by now compelling recorded evidence of discrimination against women almost everywhere in the world. In developing countries, along with general discrimination, there are also important regional variations. Even with great poverty, sub-Saharan Africa shows less gender discrimination in basic health matters than the wealthy Indian state of the Punjab, for example. This also allows us to illustrate the severity of such discrimination in some Asian countries in particular.

For example, the female-male ratio in sub-Saharan Africa is 102.2 to 100. The same ratio for many Asian, Latin American and North African countries is much lower--- in fact the female percentage is less than male percentage. In order to dramatize the issue,
Sen has expressed this gap as the absolute number of ‘missing women’. Following this approach, in the 1990s, the number of missing women in Southeast Asia was 2.4 million; in Latin America it was 4.4 million; in North Africa, 2.4 million; in Iran, 1.4 million; in China 44 million; in India 36.7 million; in West Asia, 4.3 million.

According to Dreze and Sen (1989), in India there are more girls dying than boys, i.e. mortality rates are higher for the girls. Additionally, the mortality rates are higher for women than men in all age groups until the late 30s. As Chen, Nussbaum and others have pointed out, income poverty alone cannot explain this tragic fact. Social and political arrangements including what commonly goes under the names of customs and culture are also implicated. The limits of cultural relativism become apparent in such a defining case as women’s mortality. Increasingly, the women and the poor themselves are speaking out and asking for solutions (Narayan 2000).

Does this imply that ‘enlightened’ policy makers and ‘foreign aid’ workers including the NGOs have the moral right to impose their policies on the women in poor communities? Far from it. What we really need are new institutions inclusive of women, led by them locally and working cooperatively with the other democratic institutions. In other words, promotion of deep democracy at the local level with active participation and leadership from local women is a necessary condition.

It is also an implication of this type of policy and institutional approach that a serious attempt must be made to collect and interpret the relevant information regarding the functionings and capabilities of women. Indicators such as life expectancy, females as a percentage of total population and other demographic data are, needless to say, as relevant as ever. Social indicators for education and rights to participate in social life are also crucial. But, in addition, political indicators of democratic rights and democratic participation are of great importance. Only when women have the rights and are actually participating at all levels of political organization, and indeed leading many of them, is it possible to claim that positive political freedoms for women are an actuality.

7. CONCLUSIONS: THE FUTURE OF SOCIAL CAPABILITIES APPROACH AS AN EVALUATIVE FRAMEWORK FOR DEVELOPMENT ECONOMICS

At the end, we must recognize both the ontological basis for a social capabilities approach to development as freedom and its normative and practical policy implications. The subtle humor and irony of the Frost fragment at the beginning, of course, is that the poet really does not believe that what is fashionable is true. Rather, one needs to be suspicious of current fashions because they may simply be fads based on an enthusiasm for imitative behavior, and not the truth. Hence, the ontological and epistemological status of concepts are always worth contesting. This is why I have tried to defend the concept of social capabilities in my book Technology, Development and Democracy in a nonfoundational and presuppositionless way.
Furthermore, as the pioneering work of Sen and Nussbaum, among others, have shown elegantly, there are many philosophical defenses of the basic capabilities approach. The more important real world issue at this juncture is to make the many policy implications of this approach subjects of debate and discussion. This is already happening to some extent. I have mentioned the human development index and its various refinements. There are also periodic conferences at various universities around the world to discuss theoretical advances and applications of the capabilities approach.

WIDER (World Institute for Development Economics Research) has an ongoing research agenda that corresponds quite closely to the social capabilities approach. One hope that emerges out of all these activities is that policy makers in the International Financial Institutions and the various regional and national organizations will attempt seriously to implement a social capabilities-based approach. Two most important areas are poverty reduction and women’s deprivation. Needless to say, these are related areas. These do not cover all of the applicable areas, but are paradigmatic in the sense that the clear and present relevance of the approach logically leads to an agenda for action ranging from income transfers, public and private employment creation to political freedom and activism.

One broad area of practical application, as even the International Financial Institutions move away from the so-called Washington Consensus is the design and implementation of alternative structural adjustment policies or SAPs. Basically, the conventional SAPs focus on short to medium run results regarding inflation and balance-of-payments equilibrium. In the case of many impoverished economies privatization itself may have become a goal for structural reform. Likewise, market-making can also become a goal in itself. Not enough recognition has been accorded to the economic side effects such as unemployment or (at least a temporary) lowering of output. Social dimensions of adjustment came to be recognized even later. The status of vulnerable groups such as women, children, or the poor do not often figure explicitly in these programs. From the arguments presented in this chapter it seems that in order to design a capability-enhancing alternative SAP (ASAP) the following elements must figure prominently:

(1) A clear recognition of the status of the different socio-economic groups in developing countries in terms of their economic and overall level of well-being.

(2) A list of priorities in terms of economic and social goals must be prepared. In the case of incompatibilities of some of these goals, the question of trade-offs must be raised and resolved explicitly rather than implicitly through the logic of the market.

See also WHO(2001) for health-related applications.

See Khan (2004c) for a discussion of economy wide modeling of SAPs in the context of poverty reduction and capabilities enhancements.

In Khan and Sogabe, “Macroeconomic Effects of IMF Adjustment Policies” we have attempted a statistical evaluation of the impacts of the IMF programs for a large number of LDCs.
(3) In particular, issues of fair inter-regional allocation of resources or opportunities must be addressed explicitly.

(4) Human development indicators based on the capability framework must become an integral part of ASAP.

(5) As our discussion in the previous section shows, the record of developing countries with regards to gender disparities is not flattering. Therefore, gender-justice must become a central part of ASAP -- not a peripheral issue to be ignored or to be resolved later after enough growth has taken place.

(6) As alluded to in the brief discussion of ecology, environment, and sustainable development, with ecological effects of adjustment included, must become the conceptual center of thinking about SAPs in these economies.

(7) It follows then that ecological and distributional issues need to be explicitly addressed in any such program. This implies that there will be a need for careful inter-disciplinary studies on probable impacts of a policy package before its implementation. It also implies the need for follow-up studies in order to assess the after-effects of a SAP. The crucial aspect here from the perspective of development as freedom is to ascertain which substantive freedoms are enhanced or diminished and then to assess their overall significance.

Looking further beyond the current economic problems with SAP, we might ask if the freedom-centered perspective of development will survive. For not only is the world divided between the rich and the poor, there are also dark and destructive political and cultural forces ranging from arms race to global terrorism. Indeed, it will be naïve to pretend that recognition of what is good will automatically lead to that good. Here again, the argument cannot stop at simply establishing the validity of the ‘development as freedom’ approach, but it must furnish grounds for thinking that there is a fighting chance of ‘getting there’. The emphasis here on both achieving constitutional guarantees of freedom and on the need for an ever vigilant politically aware and active mass democratic movement will, I hope, focus attention on the crucial political and cultural aspects of equalizing capabilities. Without a vigorous, self-aware and self-critical democratic movement that genuinely respects social individuality and its all around development the approach ‘development as freedom’ can only be just another academic discourse. The substantive approach to social capabilities underlined in this chapter gives us hope that combining a critical theory with all around social practice and movement from below will make ‘development as freedom’ an achievable project in our lifetime.
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