

Amartya Sen's "Capability" Approach

The view that income and wealth are not ends in themselves but instruments for other purposes goes back at least as far as Aristotle. Amartya Sen, the 1998 Nobel laureate in economics, argues that the "capability to function" is what really matters for status as a poor or nonpoor person. As Sen put it, "Economic growth cannot be sensibly treated as an end in itself. Development has to be more concerned with enhancing the lives we lead and the freedoms we enjoy."⁷

In effect, Sen argues that poverty cannot be properly measured by income or even by utility as conventionally understood; what matters fundamentally is not the things a person has—or the feelings these provide—but what a person *is*, or can be, and does, or *can do*. What matters for well-being is not just the characteristics of commodities consumed, as in the utility approach, but what use the consumer can and does make of commodities. For example, a book is of little value to an illiterate person (except perhaps as cooking fuel or as a status symbol). Or as Sen noted, a person with parasitic diseases will be less able to extract nourishment from a given quantity of food than someone without parasites.

To make any sense of the concept of human well-being in general, and poverty in particular, we need to think beyond the availability of commodities and consider their use: to address what Sen calls **functionings**, that is, what a person does (or can do) with the commodities of given characteristics that they come to possess or control. Freedom of choice, or control of one's own life, is itself a central aspect of most understandings of well-being. As Sen explains:

The concept of "functionings" . . . reflects the various things a person may value doing or being. The valued functionings may vary from elementary ones, such as being adequately nourished and being free from avoidable disease, to very complex activities or personal states, such as being able to take part in the life of the community and having self-respect.⁸

Sen identifies five sources of disparity between (measured) real incomes and actual advantages:⁹ first, personal heterogeneities, such as those connected with disability, illness, age, or gender; second, environmental diversities, such as heating and clothing requirements in the cold, infectious diseases in the tropics, or the impact of pollution; third, variations in social climate, such as the prevalence of crime and violence, and "social capital"; fourth, distribution

within the family: Economic statistics measure incomes received in a family because it is the basic unit of shared consumption, but family resources may be distributed unevenly, as when girls get less medical attention or education than boys do. Fifth, differences in relational perspectives, meaning that

the commodity requirements of established patterns of behavior may vary between communities, depending on conventions and customs. For example, being relatively poor in a rich community can prevent a person from achieving some elementary "functionings" (such as taking part in the life of the community) even though her income, in absolute terms, may be much higher than the level of income at which members of poorer communities can function with great ease and success. For example, to be able to "appear in public without shame" may require higher standards of clothing and other visible consumption in a richer society than in a poorer one.

In a richer society, the ability to partake in community life would be extremely difficult without certain commodities, such as a telephone, a television, or an automobile; it is difficult to function socially in Singapore or South Korea without an e-mail address.

Thus looking at real income levels or even the levels of consumption of specific commodities cannot suffice as a measure of well-being. One may have a lot of commodities, but these are of little value if they are not what consumers desire (as in the former Soviet Union). One may have income, but certain commodities essential for well-being, such as nutritious foods, may be unavailable. Even when providing an equal number of calories, the available staple foods in one country (cassava, bread, rice, cornmeal, potatoes, etc.) will differ in nutritional content from staple foods in other countries. Moreover, even some subvarieties of, for example, rice, are much more nutritious than others. Finally, even when comparing absolutely identical commodities, one has to frame their consumption in a personal and social context. Sen provides an excellent example:

Consider a commodity such as bread. It has many characteristics, of which yielding nutrition is one. This can—often with advantage—be split into different *types* of nutrition, related to calories, protein, etc. In addition to nutrition-giving characteristics, bread possesses other characteristics as well, e.g., helping get-togethers over food and drinks, meeting the demands of social conventions or festivities. . . . But in comparing the functionings of two different persons, we do not get enough information by looking merely at the amounts of bread (and similar goods) enjoyed by the two persons respectively. The conversion of commodity-characteristics into personal achievements of functionings depends on a variety of factors—personal and social. In the case of nutritional achievements it depends on such factors as (1) metabolic rates, (2) body size, (3) age, (4) sex (and, if a woman, whether pregnant or lactating), (5) activity levels, (6) medical conditions (including the absence or presence of parasites), (7) access to medical services and the ability to use them, (8) nutritional knowledge and education, and (9) climactic conditions.¹⁰

In part because such factors, even on so basic a matter as nutrition, can vary so widely among individuals, measuring individual well-being by levels of consumption of goods and services obtained confuses the role of commodities by regarding them as ends in themselves rather than as means to an end. In the case of nutrition, the end is health and what one can do with good health,

as well as personal enjoyment and social functioning. Indeed, the capacity to maintain valued social relationships and to network leads to what James Foster and Christopher Handy have termed *external capabilities*, which are “abilities to function that are conferred by direct connection or relationship with another person.” But measuring well-being using the concept of utility, in any of its standard definitions, does not offer enough of an improvement over measuring consumption to capture the meaning of development.¹¹

As Sen stresses, a person’s own valuation of what kind of life would be worthwhile is not necessarily the same as what gives pleasure to that person. If we identify utility with happiness in a particular way, then very poor people can have very high utility. Sometimes even malnourished people either have a disposition that keeps them feeling rather blissful or have learned to appreciate greatly any small comforts they can find in life, such as a breeze on a very hot day, and to avoid disappointment by striving only for what seems attainable. (Indeed, it is only too human to tell yourself that you do not want the things you cannot have.) If there is really nothing to be done about a person’s deprivation, this attitude of subjective bliss would have undoubted advantages in a spiritual sense, but it does not change the objective reality of deprivation. In particular, such an attitude would not prevent the contented but homeless poor person from greatly valuing an opportunity to become freed of parasites or provided with basic shelter. The functioning of a person is an *achievement*; it is

what the person succeeds in doing with the commodities and characteristics at his or her command. . . . For example, bicycling has to be distinguished from possessing a bike. It has to be distinguished also from the happiness generated by [bicycling]. . . . A functioning is thus different both from (1) having goods (and the corresponding characteristics), to which it is posterior, and (2) having utility (in the form of happiness resulting from that functioning), to which it is, in an important way, prior.¹²

To clarify this point, in his acclaimed 2009 book *The Idea of Justice* Sen suggests that subjective well-being is a kind of psychological state of being—a functioning—that could be pursued alongside other functionings such as health and dignity. In the next section we return to the meaning of happiness as a development outcome, in a sense that can be distinguished from conventional utility.

Sen then defines **capabilities** as “the freedom that a person has in terms of the choice of functionings, given his personal features (conversion of characteristics into functionings) and his command over commodities.” Sen’s perspective helps explain why development economists have placed so much emphasis on health and education and more recently on social inclusion and empowerment, and have referred to countries with high levels of income but poor health and education standards as cases of “growth without development.”¹³ Real income is essential, but to convert the characteristics of commodities into functionings, in most important cases, surely requires health and education as well as income. The role of health and education ranges from something so basic as the nutritional advantages and greater personal energy that are possible when one lives free of certain parasites to the expanded ability to appreciate the richness of human life that comes with a broad and deep education. People living in poverty are often deprived—at

times deliberately—of capabilities to make substantive choices and to take valuable actions, and often the behavior of the poor can be understood in that light.

For Sen, human “well-being” means *being well*, in the basic sense of being healthy, well nourished, well clothed, literate, and long-lived and more broadly, being able to take part in the life of the community, being mobile, and having freedom of choice in what one can become and can do.

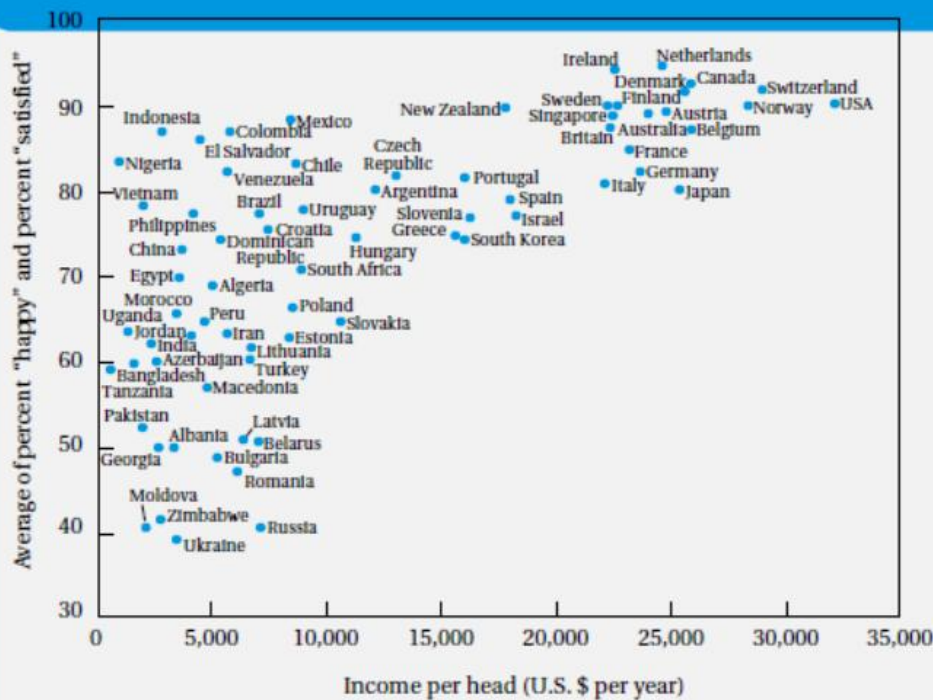
Development and Happiness

Clearly, happiness is part of human well-being, and greater happiness may in itself expand an individual’s capability to function. As Amartya Sen argued, “Utility in the sense of happiness may well be included in the list of some important functionings relevant to a person’s well-being.”¹⁴ In recent years, economists have explored the empirical relationship across countries and over time between subjectively reported satisfaction and happiness and factors such as income. One of the findings is that the average level of happiness or satisfaction increases with a country’s average income. For example, roughly four times the percentage of people report that they are not happy or satisfied in Tanzania, Bangladesh, India, and Azerbaijan as in the United States and Sweden. But the relationship is seen only up to an average income of roughly \$10,000 to \$20,000 per capita, as shown in Figure 1.2.¹⁵ Once incomes grow to this point, most citizens have usually escaped extreme poverty. At these levels, despite substantial variations across countries, if inequality is not extreme, a majority of citizens are usually relatively well nourished, healthy, and educated. The “happiness science” findings call into question the centrality of economic growth as an objective for high-income countries. But they also reaffirm the importance of economic development in the developing world, whether the objective is solely happiness or, more inclusively and persuasively, expanded human capabilities.

Not surprisingly, studies show that financial security is only one factor affecting happiness. Richard Layard identifies seven factors that surveys show affect average national happiness: family relationships, financial situation, work, community and friends, health, personal freedom, and personal values. In particular, aside from not being poor, the evidence says people are happier when they are not unemployed, not divorced or separated, and have high trust of others in society, as well as enjoy high government quality with democratic freedoms and have religious faith. The importance of these factors may shed light on why the percentage of people reporting that they are not happy or satisfied varies so widely among developing countries with similar incomes. For example, the fraction *not* happy and satisfied on average is 4½ times as great in Zimbabwe as in Indonesia, despite somewhat higher incomes in Zimbabwe, and over 3 times as great in Turkey as in Colombia, despite somewhat higher incomes in Turkey at the time of the study. Many opinion leaders in developing nations hope that their societies can gain the benefits of development without losing traditional strengths such as moral values, and trust in others—sometimes called *social capital*.

The government of Bhutan’s attempt to make “gross national happiness” rather than gross national income its measure of development progress—and

FIGURE 1.2 Income and Happiness: Comparing Countries



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more recently to quantify it—has attracted considerable attention.¹⁶ Informed by Sen’s work, its indicators extend beyond traditional notions of happiness to include capabilities such as health, education, and freedom. Happiness is not the only dimension of subjective well-being of importance. As the Stiglitz-Sen-Fitoussi (“Sarkozy”) Commission on the Measurement of Economic Performance and Social Progress put it:

Subjective well-being encompasses different aspects (cognitive evaluations of one’s life, happiness, satisfaction, positive emotions such as joy and pride, and negative emotions such as pain and worry): each of them should be measured separately to derive a more comprehensive appreciation of people’s lives.¹⁷

Although, following Sen, what people say makes them happy and satisfied as just one among valued functionings is at best only a rough guide to what people value in life, this work adds new perspectives to the multidimensional meaning of development.