

this approach able to take direct note of the importance of freedom, it can also pay substantial attention to the underlying motivations that contribute to the relevance of the other approaches. In particular, the freedom-based perspective can take note of, *inter alia*, utilitarianism's interest in human well-being, libertarianism's involvement with processes of choice and the freedom to act and Rawlsian theory's focus on individual liberty and on the resources needed for substantive freedoms. In this sense the capability approach has a breadth and sensitivity that give it a very extensive reach, allowing evaluative attention to be paid to a variety of important concerns, some of which are ignored, one way or another, in the alternative approaches. This extensive reach is possible because the freedoms of persons can be judged through explicit reference to outcomes and processes that they have reason to value and seek.⁶²

Different ways of using this freedom-based perspective were also discussed, resisting in particular the idea that the use must take an all-or-none form. In many practical problems, the possibility of using an explicitly freedom-based approach may be relatively limited. Yet even there it is possible to make use of the insights and informational interests involved in a freedom-based approach—without insisting on ignoring other procedures when they can be, within particular contexts, sensibly utilized. The analysis that follows builds on these understandings, in an attempt to throw light on underdevelopment (seen broadly in the form of unfreedom) and development (seen as a process of removing unfreedoms and of extending the substantive freedoms of different types that people have reason to value). A general approach can be used in many different ways, depending on the context and on the information that is available. It is this combination of foundational analysis and pragmatic use that gives the capability approach its extensive reach.

CHAPTER 4

POVERTY AS CAPABILITY DEPRIVATION



It was argued in the last chapter that, in analyzing social justice, there is a strong case for judging individual advantage in terms of the capabilities that a person has, that is, the substantive freedoms he or she enjoys to lead the kind of life he or she has reason to value. In this perspective, poverty must be seen as the deprivation of basic capabilities rather than merely as lowness of incomes, which is the standard criterion of identification of poverty.¹ The perspective of capability-poverty does not involve any denial of the sensible view that low income is clearly one of the major causes of poverty, since lack of income can be a principal reason for a person's capability deprivation.

Indeed, inadequate income is a strong predisposing condition for an impoverished life. If this is accepted, what then is all this fuss about, in seeing poverty in the capability perspective (as opposed to seeing it in terms of the standard income-based poverty assessment)? The claims in favor of the capability approach to poverty are, I believe, the following.

- 1) Poverty can be sensibly identified in terms of capability deprivation; the approach concentrates on deprivations that are *intrinsically* important (unlike low income, which is only *instrumentally* significant).
- 2) There are influences on capability deprivation—and thus on real poverty—*other* than lowness of income (income is not the only instrument in generating capabilities).

3) The instrumental relation between low income and low capability is *variable* between different communities and even between different families and different individuals (the impact of income on capabilities is contingent and conditional).²

The third issue is particularly important in considering and evaluating public action aimed at reducing inequality or poverty. Various reasons for conditional variations have been discussed in the literature (and in chapter 3, earlier), and it is useful to emphasize some of them specifically in the context of practical policy making.

First, the relationship between income and capability would be strongly affected by the age of the person (e.g., by the specific needs of the old and the very young), by gender and social roles (e.g., through special responsibilities of maternity and also custom-determined family obligations), by location (e.g., by proneness to flooding or drought, or by insecurity and violence in some inner-city living), by epidemiological atmosphere (e.g., through diseases endemic in a region) and by other variations over which a person may have no—or only limited—control.³ In making contrasts of population groups classified according to age, gender, location and so on, these parametric variations are particularly important.

Second, there can be some “coupling” of disadvantages between (1) income deprivation and (2) adversity in converting income into functionings.⁴ Handicaps, such as age or disability or illness, reduce one’s ability to earn an income.⁵ But they also make it harder to convert income into capability, since an older, or more disabled, or more seriously ill person may need more income (for assistance, for prosthesis, for treatment) to achieve the same functionings (even when that achievement is at all possible).⁶ This entails that “real poverty” (in terms of capability deprivation) may be, in a significant sense, more intense than what appears in the income space. This can be a crucial concern in assessing public action to assist the elderly and other groups with “conversion” difficulties in addition to lowness of income.

Third, distribution within the family raises further complications with the income approach to poverty. If the family income is used disproportionately in the interest of some family members and not others (for example, if there is a systematic “boy preference” in the family allocation of resources), then the extent of the deprivation of

the neglected members (girls in the example considered) may not be adequately reflected in terms of family income. This is a substantial issue in many contexts; sex bias does appear to be a major factor in the family allocation in many countries in Asia and North Africa. The deprivation of girls is more readily checked by looking at capability deprivation (in terms of greater mortality, morbidity, undernourishment, medical neglect, and so on) than can be found on the basis of income analysis.⁷

This issue is clearly not as central in the context of inequality and poverty in Europe or North America, but the presumption—often implicitly made—that the issue of gender inequality does not apply at the basic level to the “Western” countries can be, to some extent, misleading. For example, Italy has one of the highest ratios of “unrecognized” labor by women vis-à-vis recognized labor included in the standard national accounts.⁸ The accounting of effort and time expended, and the related reduction of freedom, has some bearing in the analysis of poverty even in Europe and North America. There are also other ways in which intrafamily divisions are important to include among the considerations relevant for public policy in most parts of the world.

Fourth, *relative* deprivation in terms of *incomes* can yield *absolute* deprivation in terms of *capabilities*. Being relatively poor in a rich country can be a great capability handicap, even when one’s absolute income is high in terms of world standards. In a generally opulent country, more income is needed to buy enough commodities to achieve the *same social functioning*. This consideration—pioneeringly outlined by Adam Smith in *The Wealth of Nations* (1776)—is quite central to sociological understandings of poverty, and it has been analyzed by W. G. Runciman, Peter Townsend and others.⁹

For example, the difficulties that some groups of people experience in “taking part in the life of the community” can be crucial for any study of “social exclusion.” The need to take part in the life of a community may induce demands for modern equipment (televisions, videocassette recorders, automobiles and so on) in a country where such facilities are more or less universal (unlike what would be needed in less affluent countries), and this imposes a strain on a relatively poor person in a rich country even when that person is at a much higher level of income compared with people in less opulent

countries.¹⁰ Indeed, the paradoxical phenomenon of hunger in rich countries—even in the United States—has something to do with the competing demands of these expenses.¹¹

What the capability perspective does in poverty analysis is to enhance the understanding of the nature and causes of poverty and deprivation by shifting primary attention away from *means* (and one particular means that is usually given exclusive attention, viz., income) to *ends* that people have reason to pursue, and, correspondingly, to the *freedoms* to be able to satisfy these ends. The examples briefly considered here illustrate the additional discernment that results from this basic extension. The deprivations are seen at a more fundamental level—one closer to the informational demands of social justice. Hence the relevance of the perspective of capability-poverty.

INCOME POVERTY AND CAPABILITY POVERTY

While it is important to distinguish conceptually the notion of poverty as capability inadequacy from that of poverty as lowness of income, the two perspectives cannot but be related, since income is such an important means to capabilities. And since enhanced capabilities in leading a life would tend, typically, to expand a person's ability to be more productive and earn a higher income, we would also expect a connection going from capability improvement to greater earning power and not only the other way around.

The latter connection can be particularly important for the removal of income poverty. It is not only the case that, say, better basic education and health care improve the quality of life directly; they also increase a person's ability to earn an income and be free of income-poverty as well. The more inclusive the reach of basic education and health care, the more likely it is that even the potentially poor would have a better chance of overcoming penury.

The importance of this connection was a crucial point of focus of my recent work on India, done jointly with Jean Drèze, dealing with economic reforms.¹² In many ways, the economic reforms have opened up for the Indian people economic opportunities that were suppressed by overuse of control and by the limitations of what had been called the "license Raj."¹³ And yet the opportunity to make use

of the new possibilities is not independent of the social preparation that different sections of the Indian community have. While the reforms were overdue, they could be much more productive if the social facilities were there to support the economic opportunities for all sections of the community. Indeed, many Asian economies—first Japan, and then South Korea, Taiwan, Hong Kong, and Singapore, and later post-reform China and Thailand and other countries in East Asia and Southeast Asia—have done remarkably well in spreading the economic opportunities through an adequately supportive social background, including high levels of literacy, numeracy, and basic education; good general health care; completed land reforms; and so on. The lesson of opening of the economy and the importance of trade has been more easily learned in India than the rest of the message from the same direction of the rising sun.¹⁴

India is, of course, highly diverse in terms of human development, with some regions (most notably, Kerala) having much higher levels of education, health care and land reform than others (most notably, Bihar, Uttar Pradesh, Rajasthan and Madhya Pradesh). The limitations have taken different forms in the different states. It can be argued that Kerala has suffered from what were until recently fairly anti-market policies, with deep suspicion of market-based economic expansion without control. So its human resources have not been as well used in spreading economic growth as they could have been with a more complementary economic strategy, which is now being attempted. On the other hand, some of the northern states have suffered from low levels of social development, with varying degrees of control and market-based opportunities. The need for seizing the relevance of complementarity is very strong in remedying the diverse drawbacks.

It is, however, interesting that despite the rather moderate record in economic growth, Kerala seems to have had a faster rate of reduction in income poverty than any other state in India.¹⁵ While some states have reduced income poverty through high economic growth (Punjab is the most notable example of that), Kerala has relied a great deal on expansion of basic education, health care and equitable land distribution for its success in reducing penury.

While these connections between income poverty and capability poverty are worth emphasizing, it is also important not to lose sight

of the basic fact that the reduction of income poverty alone cannot possibly be the ultimate motivation of antipoverty policy. There is a danger in seeing poverty in the narrow terms of income deprivation, and then justifying investment in education, health care and so forth on the ground that they are good means to the end of reducing income poverty. That would be a confounding of ends and means. The basic foundational issues force us, for reasons already discussed, toward understanding poverty and deprivation in terms of lives people can actually lead and the freedoms they do actually have. The expansion of human capabilities fits directly into these basic considerations. It so happens that the enhancement of human capabilities also tends to go with an expansion of productivities and earning power. That connection establishes an important indirect linkage through which capability improvement helps both directly and indirectly in enriching human lives and in making human deprivations more rare and less acute. The instrumental connections, important as they are, cannot replace the need for a basic understanding of the nature and characteristics of poverty.

INEQUALITY OF WHAT?

The treatment of inequality in economic and social evaluation involves many dilemmas. Substantial inequalities are often hard to defend in terms of models of "fairness." Adam Smith's concern with the interests of the poor (and his outrage at the tendency for those interests to be neglected) related naturally to his use of the imaginative device of what it would look like to an "impartial spectator"—an inquiry that offers far-reaching insights on the requirements of fairness in social judgment.¹⁶ Similarly, John Rawls's idea of "justice as fairness" in terms of what can be expected to be chosen in a hypothetical "original position" in which people do not yet know who they are going to be provides a rich understanding of the demands of equity, and yields the anti-inequality features that are characteristic of his "principles of justice."¹⁷ Patent inequalities in social arrangements can also be difficult to justify in terms of reasonableness to actual members of the society (for example, the case for these inequalities being one that others "cannot reasonably reject": a criterion that Thomas Scanlon has proposed—and powerfully used—for

ethical evaluation).¹⁸ Certainly, severe inequalities are not socially attractive, and momentous inequalities can be, some would argue, downright barbaric. Furthermore, the sense of inequality may also erode social cohesion, and some types of inequalities can make it difficult to achieve even efficiency.

And yet attempts to eradicate inequality can, in many circumstances, lead to loss for most—sometimes even for all. This kind of conflict can arise in mild or severe form depending on the exact circumstances. Models of justice—involving the "impartial spectator," or the "original position," or not-reasonable-rejection—have to take note of these diverse considerations.

Not surprisingly, the conflict between aggregative and distributive considerations has received a remarkable amount of professional attention among economists. This is appropriate since it is an important issue.¹⁹ Many compromise formulas have been suggested for evaluating social achievements by taking note simultaneously of aggregative and distributive considerations. A good example is A. B. Atkinson's "equally distributed equivalent income," a concept that adjusts the aggregate income by reducing its accounted value according to the extent of inequality in income distribution, with the trade-off between aggregative and distributive concerns being given by the choice of a parameter that reflects our ethical judgment.²⁰

There is, however, a different class of conflicts that relates to the choice of "space"—or of the focal variable in terms of which inequality is to be assessed and scrutinized—and this relates to the subject matter of the previous chapter. Inequality of incomes can differ substantially from inequality in several other "spaces" (that is, in terms of other relevant variables), such as well-being, freedom and different aspects of the quality of life (including health and longevity). And even aggregative achievements would take different forms depending on the space in which the composition—or the "totaling"—is done (for example, ranking societies in terms of average income may differ from ranking them according to average health conditions).

The contrast between the different perspectives of income and capability has a direct bearing on the space in which inequality and efficiency are to be examined. For example, a person with high income but no opportunity of political participation is not "poor" in

the usual sense, but is clearly poor in terms of an important freedom. Someone who is richer than most others but suffers from an ailment that is very expensive to treat is obviously deprived in an important way, even though she would not be classified as poor in the usual statistics of income distribution. A person who is denied the opportunity of employment but given a handout from the state as an "unemployment benefit" may look a lot less deprived in the space of incomes than in terms of the valuable—and valued—opportunity of having a fulfilling occupation. Since the issue of unemployment is particularly important in some parts of the world (including contemporary Europe), this is another area where there is a strong need to seize the contrast between income and capability perspectives in the context of inequality assessment.

UNEMPLOYMENT AND CAPABILITY DEPRIVATION

That the judgments of inequality in the space of incomes can be quite different from those related to important capabilities can easily be illustrated with examples of some practical importance. In the European context, this contrast is particularly significant because of the wide prevalence of unemployment in contemporary Europe.²¹ The loss of income caused by unemployment can, to a considerable extent, be compensated by income support (including unemployment benefits), as it typically is in Western Europe. If income loss were all that were involved in unemployment, then that loss could be to a great extent erased—for the individuals involved—by income support (there is, of course, the further issue of social costs of fiscal burden and incentive effects involved in this compensation). If, however, unemployment has other serious effects on the lives of the individuals, causing deprivation of other kinds, then the amelioration through income support would be to that extent limited. There is plenty of evidence that unemployment has many far-reaching effects other than loss of income, including psychological harm, loss of work motivation, skill and self-confidence, increase in ailments and morbidity (and even mortality rates), disruption of family relations and social life, hardening of social exclusion and accentuation of racial tensions and gender asymmetries.²²

Given the massive scale of unemployment in contemporary European economies, the concentration on income inequality only can be particularly deceptive. Indeed, it can be argued that at this time the massive level of European unemployment constitutes at least as important an issue of inequality, in its own right, as income distribution itself. An exclusive focus on income inequality tends to give the impression that Western Europe has done very much better than the United States in keeping inequality down and in avoiding the kind of increase in income inequality that the United States has experienced. In the space of incomes, Europe does indeed have a clearly better record both in terms of levels and trends of inequality, as is brought out by the careful investigation reported in the OECD (Organization for Economic Cooperation and Development) study prepared by A. B. Atkinson, Lee Rainwater and Timothy Smeeding.²³ Not only are the usual measures of income inequality higher in the United States than is the case, by and large, on the European side of the Atlantic, but also the U.S. income inequality has gone up in a way that has not happened in most countries in Western Europe.

And yet if we shift our gaze from income to unemployment, the picture is very different. Unemployment has risen dramatically in much of Western Europe, whereas there has been no such trend in the United States. For example, in the period 1965–1973, the unemployment rate was 4.5 percent in the United States, while Italy had 5.8 percent, France 2.3 percent, and West Germany below 1 percent. By now all three—Italy, France, and Germany—have unemployment rates that hover around 10 to 12 percent, whereas the U.S. unemployment rate is still between 4 and 5 percent. If unemployment batters lives, then that must somehow be taken into account in the analysis of economic inequality. The comparative trends in *income* inequality give Europe an excuse to be smug, but that complacency can be deeply misleading if a broader view is taken of inequality.²⁴

The contrast between Western Europe and the United States raises another interesting—and in some ways a more general—question. American social ethics seems to find it possible to be very non-supportive of the indigent and the impoverished, in a way that a typical Western European, reared in a welfare state, finds hard to accept. But the same American social ethics would find the double-digit levels of unemployment, common in Europe, to be quite intolerable.

Europe has continued to accept worklessness—and its increase—with remarkable equanimity. Underlying this contrast is a difference in attitudes toward social and individual responsibilities, to which I shall return.

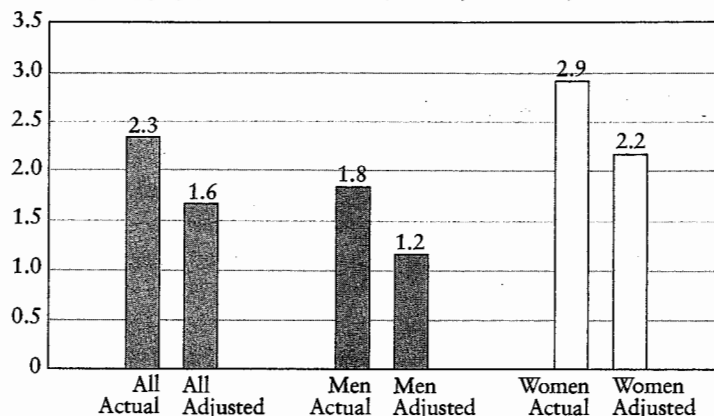
HEALTH CARE AND MORTALITY: AMERICAN AND EUROPEAN SOCIAL ATTITUDES

The inequality between different racial groups in the United States has received considerable attention recently. For example, in the space of incomes African Americans are decidedly poorer than American whites. This is very often seen as an example of *relative* deprivation of African Americans within the nation, but not compared with poorer people in the rest of the world. Indeed, in comparison with the population of third world countries, African Americans may well be a great many times richer in terms of incomes, even after taking note of price differences. Seen this way, the deprivation of the American blacks seems to pale to insignificance in the international perspective.

But is income the right space in which to make such comparisons? What about the basic capability to live to a mature age, without succumbing to premature mortality? As was discussed in chapter 1, in terms of that criterion the African American men fall well behind the immensely poorer men of China, or the Indian state of Kerala (see figure 1.1, page 22)—and also of Sri Lanka, Costa Rica, Jamaica and many other poor economies. It is sometimes presumed that the remarkably high death rates of African Americans apply only to men, and again only to younger men, because of the prevalence of violence. Death from violence is indeed high among young black men, but this is by no means the whole story. Indeed, as figure 1.2 (page 23) shows, black women too fall not only behind white women in the United States but also behind Indian women in Kerala, and come very close to falling behind Chinese women as well. It may also be noticed in figure 1.1 that American black *men* continue to lose ground vis-à-vis the Chinese and the Indians over the years—well past the younger ages when death from violence is common. More explanation is needed than violent deaths can provide.

Indeed, even if we take higher age groups (say, that between

FIGURE 4.1: Mortality Rate Ratios of Blacks to Whites (Aged 35–54) Actual and Adjusted for Family Income



Source: M. W. Owen, S. M. Teutsch, D. F. Williamson and J. S. Marks, "The Effects of Known Risk Factors on the Excess Mortality of Black Adults in the United States," *Journal of the American Medical Association* 263, no. 6 (February 9, 1990).

thirty-five and sixty-four years), there is evidence of enormously greater mortality for black men vis-à-vis white men, and black women vis-à-vis white women. And these differentials are not wiped out by adjustment for income differences. In fact, one of the more careful medical studies related to the 1980s shows that the black-white mortality differential remains remarkably large for women even after adjustment for income differentials. Figure 4.1 presents the ratios of the mortality rates of blacks and whites for the country as a whole (based on a sample survey).²⁵ While U.S. black men have 1.8 times the mortality rate of white men, black women have nearly three times the mortality of white women in this survey. And adjusted for differences in family income, while the mortality rate is 1.2 times higher for black men, it is as much as 2.2 times higher for black women. It, thus, appears that even after full note is taken of income levels, black women die young in very much larger proportions than white women in the contemporary United States.

The broadening of the informational base from income to the basic capabilities enriches our understanding of inequality and poverty in quite radical ways. When we focused on the ability to be

employed and to have the associated advantages of employment, the European picture looked quite dismal, and as we turn our attention to the ability to survive, the picture of American inequality is remarkably intense. Underlying these differences and the respective policy priorities associated with them, there may be an important contrast in the attitudes to social and individual responsibilities on the two sides of the Atlantic. In American official priorities, there is little commitment to providing basic health care for all, and it appears that many millions of people (in fact more than 40 million) are without any kind of medical coverage or insurance in the United States. While a considerable proportion of these uninsured people may have volitional reasons for not taking such insurance, the bulk of the uninsured do, in fact, lack the ability to have medical insurance because of economic circumstances, and in some cases because of preexisting medical conditions that private insurers shun. A comparable situation in Europe, where medical coverage is seen as a basic right of the citizen irrespective of means and independent of preexisting conditions, would very likely be politically intolerable. The limits on governmental support for the ill and the poor are too severe in the United States to be at all acceptable in Europe, and so are the social commitments toward public facilities varying from health care to educational arrangements, which the European welfare state takes for granted.

On the other hand, the double-digit unemployment rates that are currently tolerated in Europe would very likely be (as was argued earlier) political dynamite in America, since unemployment rates of that magnitude would make a mockery of people's ability to help themselves. I believe no U.S. government could emerge unscathed from the doubling of the present level of unemployment, which incidentally would still keep the U.S. unemployment ratio below what it currently is in Italy or France or Germany. The nature of the respective political commitments—and lack thereof—would seem to differ fundamentally between Europe and America, and the differences relate closely to seeing inequality in terms of particular failures of basic capabilities.

POVERTY AND DEPRIVATION IN INDIA AND SUB-SAHARAN AFRICA

Extreme poverty is now heavily concentrated in two particular regions of the world: South Asia and sub-Saharan Africa. They have among the lowest levels of per capita income among all the regions, but that perspective does not give us an adequate idea of the nature and content of their respective deprivations, nor of their comparative poverty. If poverty is seen, instead, as the deprivation of basic capabilities, then a more illuminating picture can be obtained from information on aspects of life in these parts of the world.²⁶ A brief analysis is attempted below, based on a joint study with Jean Drèze, and on two follow-up works of this author.²⁷

Around 1991 there were fifty-two countries where the expectation of life at birth was below sixty years, and those countries had a combined population of 1.69 billion.²⁸ Forty-six of these countries are in South Asia and sub-Saharan Africa—only six are outside these two regions (viz. Afghanistan, Cambodia, Haiti, Laos, Papua New Guinea and Yemen), and the combined population of these six is only 3.5 percent of the total population (1.69 billion) of the fifty-two low-life-expectancy countries. The *whole* of South Asia except Sri Lanka (i.e., India, Pakistan, Bangladesh, Nepal and Bhutan) and the *whole* of sub-Saharan Africa except South Africa, Zimbabwe, Lesotho, Botswana, and a collection of tiny islands (e.g., Mauritius and the Seychelles) belong to the group of the other forty-six low-life-expectancy countries. Of course, there are variations *within* each country. Well-placed sections of the population of South Asia and sub-Saharan Africa enjoy high longevity, and as was discussed earlier, parts of the population of countries even with very high average life expectancy (such as the United States) may have survival problems that compare with conditions in the third world. (For example, American black men in U.S. cities such as New York, San Francisco, St. Louis, or Washington, D.C., have life expectancies well below our cut-off point of sixty years.²⁹) But in terms of country averages, South Asia and sub-Saharan Africa do indeed stand out as the regions where short and precarious lives are concentrated in the contemporary world.

TABLE 4.1: *India and Sub-Saharan Africa: Selected Comparisons (1991)*

Infant mortality rate comparisons				Adult literacy rate comparisons		
	Region	Population (millions)	Infant mortality rate (per 1,000 live births)	Region	Population (millions)	Adult literacy rate* (female/male)
INDIA	India	846.3	80	India	846.3	39/64
"Worst" three Indian states	Orissa	31.7	124	Rajasthan	44.0	20/55
	Madhya Pradesh	66.2	117	Bihar	86.4	23/52
	Uttar Pradesh	139.1	97	Uttar Pradesh	139.1	25/56
"Worst" district of each of the "worst" Indian states	Ganjam (Orissa)	3.2	164	Barmer (Rajasthan)	1.4	8/37
	Tikamgarh (Madhya Pradesh)	0.9	152	Kishanganj (Bihar)	1.0	10/33
	Hardoi (Uttar Pradesh)	2.7	129	Bahraich (Uttar Pradesh)	2.8	11/36
"Worst" three countries of sub- Saharan Africa	Mali	8.7	161	Burkina Faso	9.2	10/31
	Mozambique	16.1	149	Sierra Leone	4.3	12/35
	Guinea-Bissau	1.0	148	Benin	4.8	17/35
SUB-SAHARAN AFRICA	Sub-Saharan Africa	488.9	104	Sub-Saharan Africa	488.9	40/63

Note: The age cutoff is 15 years for African figures, and 7 years for Indian figures. Note that in India, the 7+ literacy rate is usually higher than the 15+ literacy rate (e.g., the all-India 7+ literacy rate in 1981 was 43.6%, compared with 40.8% for the 15+ literacy rate).

Indeed, India alone accounts for more than half of the combined population of these fifty-two deprived countries. It is not by any means the worst performer on average (in fact, average life expectancy in India is very close to sixty years and according to latest statistics has just risen above it), but there are large regional variations in living conditions *within* India. Some regions of India (with populations as large as—or larger than—most countries in the world) do as badly as any country in the world. India may do significantly better on average than, say, the worst performers (such as Ethiopia or Zaire, now renamed the Democratic Republic of Congo) in terms of life expectancy and other indicators, but there are large areas within India where life expectancy and other basic living conditions are not very different from those prevailing in these most-deprived countries.³⁰

Source: J. Drèze and A. Sen, *India: Economic Development and Social Opportunity* (Delhi: Oxford University Press, 1995), table 3.1.

Table 4.1 compares the levels of *infant mortality* and *adult literacy* in the least-developed regions of sub-Saharan Africa and India.³¹ The table presents the 1991 estimates of these two variables not only for India and sub-Saharan Africa as a whole (first and last rows), but also for the three worst-performing countries of sub-Saharan Africa, the three worst-performing Indian states, and the worst-performing districts of each of these three states. It is remarkable that there is no country in sub-Saharan Africa—or indeed in the world—where estimated infant mortality rates are as high as in the district of Ganjam in Orissa, or where the adult female literacy rate is as low as in the district of Barmer in Rajasthan. Each of these two districts, incidentally, has a larger population than Botswana or Namibia, and the combined population of the two is larger than that of Sierra Leone, Nicaragua or Ireland. Indeed, even entire states such as Uttar Pradesh

(which has a population as large as that of Brazil or Russia) do not do much better than the worst-off among the sub-Saharan countries in terms of these basic indicators of living quality.³²

It is interesting that if we take India and sub-Saharan Africa as a whole, we find that the two regions are not very different in terms of either adult literacy or infant mortality. They do differ in terms of life expectancy, though. The expectation of life in India around 1991 was about sixty years, while it was much below that figure in sub-Saharan Africa (averaging about fifty-two years).³³ On the other hand, there is considerable evidence that the extent of undernourishment is much greater in India than in sub-Saharan Africa.³⁴

There is thus an interesting pattern of contrast between India and sub-Saharan Africa in terms of the different criteria of (1) mortality and (2) nutrition. The survival advantage in favor of India can be brought out not only by comparisons of life expectancy, but also by contrasts of other mortality statistics. For example, the median age at death in India was about thirty-seven years around 1991; this compares with a weighted average (of median age at death) for sub-Saharan Africa of a mere five years.³⁵ Indeed, in as many as five African countries, the median age at death was observed to be three years or below. Seen in this perspective, the problem of premature mortality is enormously sharper in Africa than in India.

But we get a very different balance of disadvantages if we look at the prevalence of *undernourishment* in India vis-à-vis Africa. Calculations of general undernourishment are much higher in India than in sub-Saharan Africa on the average.³⁶ This is so despite the fact that it is India, rather than sub-Saharan Africa, that is self-sufficient in food. Indian "self-sufficiency" is based on the fulfillment of market demand, which can be, in normal years, easily met by domestically produced supply. But the market demand (based on purchasing power) understates the food needs. Actual undernourishment seems to be much higher in India than in sub-Saharan Africa. Judged in terms of the usual standards of retardation in weight for age, the proportion of undernourished children in Africa is 20 to 40 percent, whereas the proportion of undernourished children in India is a gigantic 40 to 60 percent.³⁷ About half of all Indian children are, it appears, chronically undernourished. While Indians live longer than sub-Saharan Africans, and have a median age at death much higher than Africans have, nevertheless there are many more undernourished children in

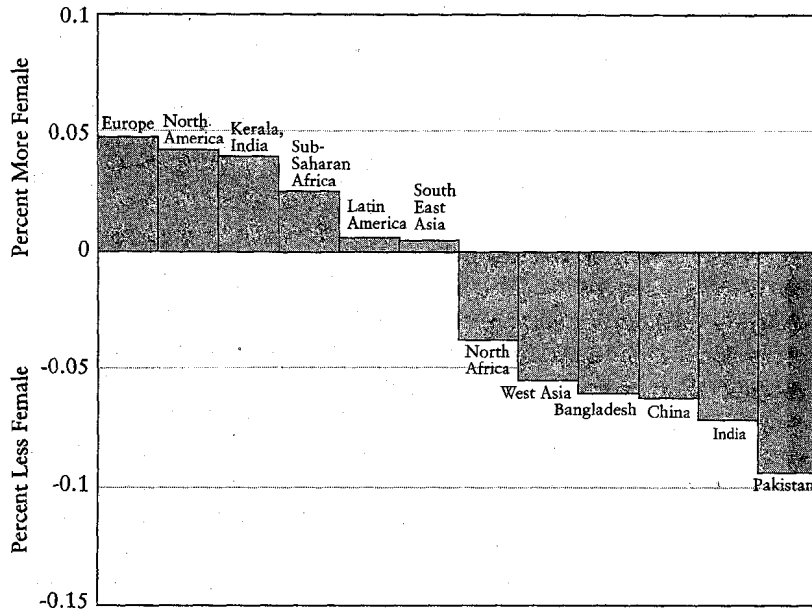
India than sub-Saharan Africa—not just in absolute terms but also as a proportion of all children.³⁸ If we add to it the fact that gender bias at death is a substantial problem in India, but not so in sub-Saharan Africa, we see a picture that is much less favorable to India than to Africa.³⁹

There are important policy issues related to the nature and complexity of the respective patterns of deprivation in the two most acute regions of poverty in the world. India's advantage over sub-Saharan Africa in survival relates to a variety of factors that have made Africans especially prone to premature mortality. Since independence, India has been relatively free of the problems of famine and also of large-scale and persistent warfare, which has periodically ravaged a large number of African countries. India's health services—inadequate as they are—have been less overwhelmed by political and military turmoil. Furthermore, many countries of sub-Saharan Africa have had specific experiences of economic *decline*—partly related to wars, unrest and political disorder—which make it particularly hard to improve living standards. A comparative assessment of the achievements and failures of the two regions would have to take note of these and other aspects of their respective development experiences.⁴⁰

One should also note that one problem that India and sub-Saharan Africa have in common is the persistence of endemic illiteracy—a feature that, like low life expectancy, sets South Asia and sub-Saharan Africa apart from most of the rest of the world. As table 4.1 indicates, literacy rates are very similar in the two regions. Both in India and in sub-Saharan Africa, every other adult is illiterate.

The three focal features of deprivation of basic capabilities on which I have concentrated in comparing and contrasting the nature of deprivation in India and in sub-Saharan Africa (*viz.*, *premature mortality*, *undernourishment* and *illiteracy*) do not, of course, provide a comprehensive picture of capability-poverty in these regions. However, they bring out some striking failures and some crucial policy issues that demand immediate attention. I have also not attempted to produce an "aggregate" measure of deprivation, based on "weighting" the different aspects of capability deprivation.⁴¹ A constructed aggregate may often be far less interesting for policy analysis than the substantive pattern of diverse performances.

FIGURE 4.2: *Female-Male Ratios in Total Population in Selected Communities*



Source: Calculated from UN Population Statistics.

GENDER INEQUALITY AND MISSING WOMEN

I turn now to a specific aspect of a general inequality that has drawn much attention lately; this section draws on my article "Missing Women" published in the *British Medical Journal* in 1992.⁴² I refer to the terrible phenomenon of excess mortality and artificially lower survival rates of women in many parts of the world. This is a crude and sharply visible aspect of gender inequality, which often manifests itself in more subtle and less gruesome forms. But despite its crudeness, the artificially higher female mortality rates reflect a very important capability deprivation of women.

In Europe and North America, women tend, generally, to outnumber men by substantial numbers. For example, in the United Kingdom, France and the United States, the ratio of women to men

exceeds 1.05. The situation is quite different in many countries in the third world, especially in Asia and North Africa, where the female-male ratio can be as low as 0.95 (Egypt), 0.94 (Bangladesh, China, West Asia), 0.93 (India), or even 0.90 (Pakistan). The significance of these differences is of interest in analyzing female-male inequalities across the world.⁴³ Figure 4.2 presents this comparative information.

In fact, more boys than girls are born everywhere (typically about 5 percent more). But there is much evidence that women are "hardier" than men and, given symmetrical care, survive better. (Indeed, it appears that even female fetuses have a higher survival rate than do the male fetuses; the proportion of male fetuses in conception is even higher than that in birth.⁴⁴) It is through the lower mortality rates of females that the high female-male ratio of the "West" comes about. There are also other causes for this preponderance of women. There is some remaining impact of deaths of males in past wars. There has been, in general, a greater incidence of smoking among men and also greater proneness toward violent death. But it seems clear that even when these other effects are taken out, women would tend to outnumber men, given symmetrical care.

The low female-male ratios in countries in Asia and North Africa indicate the influence of social factors. It is easily calculated that if these countries had the female-male ratio that obtains in Europe and the United States, there would have been millions more women in these countries (given the number of men).⁴⁵ In China alone the number of "missing women," calculated on the basis of the European or American ratio, would be more than 50 million, and on that basis, for these countries taken together, many more than 100 million women may be seen as "missing."

It may not, however, be appropriate to use the European or American ratio, not just because of such special features as wartime deaths. Because of lower mortality rates of females in Europe and America, the female-male ratio rises gradually with age. A lower ratio would be expected in Asia or North Africa partly because of the lower general life expectancy and higher fertility rate. One way of dealing with this issue is to take as the basis of comparison not the female-male ratio in Europe or America, but that in sub-Saharan Africa, where there is little female disadvantage in terms of relative mortality rates, but where life expectancy is no higher and fertility

rates are no lower (quite the contrary). Taking the sub-Saharan female-male ratio of 1.022 as the benchmark (used in my earlier studies and in those with Jean Drèze) yields an estimate of 44 million missing women in China, 37 million in India, and a total for these countries still in excess of 100 million.⁴⁶

Another way of dealing with this problem is to calculate what the expected number of females would be had there been no female disadvantage in survival, given the actual life expectancy and the actual fertility rates in these respective countries. It is not easy to calculate that directly, but illuminating estimates have been made by Ansley Coale, through using model population tables based on the historical experience of "Western" countries. This procedure yields 29 million "missing women" in China, 23 million in India, and a total for these countries of around 60 million.⁴⁷ While these are lower numbers, they too are fiercely large. More recent estimates, based on the use of more scrutinized historical data, have tended to yield rather larger numbers of missing women (about 90 million, as estimated by Stephan Klasen).⁴⁸

Why are overall mortality rates for females higher than for males in these countries? Consider India, where the age-specific mortality rate for females consistently exceeds that for males until the late thirties. While the excess mortality in the childbearing age may be partly the result of maternal mortality (death during or just after childbirth), obviously no such explanation is possible for female disadvantage in survival in infancy and childhood. Despite occasional distressing accounts of female infanticide in India, that phenomenon, even if present, cannot do anything to explain the magnitude of extra mortality, nor its age distribution. The main culprit would seem to be the comparative neglect of female health and nutrition, especially—but not exclusively—during childhood. There is indeed considerable direct evidence that female children are neglected in terms of health care, hospitalization and even feeding.⁴⁹

Even though the Indian case has been studied more extensively than others (there are more researchers working on this issue in India than in any other country), similar evidence of relative neglect of the health and nutrition of female children can be found in the other countries as well. In China there is even some evidence that the extent of neglect may have increased sharply in recent years, particularly

since the compulsory family restrictions (such as the one-child policy in some parts of the country) were introduced, along with other reforms, around 1979. There are also some new, ominous signs in China, such as a radical increase in the reported ratio of male births to female births—quite out of line with the rest of the world. It can, quite possibly, indicate "hiding" of newborn female children (to avoid the rigors of compulsory family restriction), but it can, no less plausibly, also reflect a higher female infant mortality—whether or not induced (with new births and new deaths both going unreported). However, recently, the brunt of the antifemale bias in family composition seems to be in sex-selective abortion, which has become quite widespread in China with the progress of technology.

CONCLUDING REMARKS

Economists are sometimes criticized for concentrating too much on efficiency and too little on equity. There may be some ground for complaint here, but it must also be noted that inequality has received attention from economists throughout the history of this discipline. Adam Smith, who is often thought of as "the Father of Modern Economics," was deeply concerned with the gulf between the rich and the poor (more on this later, in chapters 5 and 11). Some of the social scientists and philosophers who are responsible for making inequality such a central subject of public attention (such as Karl Marx, John Stuart Mill, B. S. Rowntree and Hugh Dalton, to take writers belonging to very different general traditions) were, in terms of substantive involvement, devoted economists, no matter what else they might also have been. In recent years, economics of inequality as a subject has flourished, with major leadership coming from such writers as A. B. Atkinson.⁵⁰ This is not to deny that the focus on efficiency to the exclusion of other considerations is very evident in some works in economics, but economists as a group cannot be accused of neglecting inequality as a subject.

If there is a reason to grumble, it rests more on the relative importance that is attached, in much of economics, to inequality in a very narrow domain, viz., *income inequality*. This narrowness has the effect of contributing to the neglect of other ways of seeing inequality and equity, which has far-reaching bearing on the making of

economic policy. Policy debates have indeed been distorted by over-emphasis on income poverty and income inequality, to the neglect of deprivations that relate to other variables, such as unemployment, ill health, lack of education, and social exclusion. Unfortunately, the identification of economic inequality with income inequality is fairly common in economics, and the two are often seen as effectively synonymous. If you tell someone that you are working on economic inequality, it is quite standardly assumed that you are studying income distribution.

To some extent, this implicit identification can be found in the philosophical literature as well. For example, in his interesting and important paper "Equality as a Moral Ideal," Harry Frankfurt, the distinguished philosopher, provides a closely reasoned and powerful critique of what he calls "economic egalitarianism," defining it as "the doctrine that there should be no inequalities in the distribution of money."⁵¹

The distinction, however, between income inequality and economic inequality is important.⁵² Many of the criticisms of economic egalitarianism as a value or a goal apply much more readily to the narrow concept of income inequality than they do to the broader notions of economic inequality. For example, giving a larger share of income to a person with more needs—say, due to a disability—can be seen as militating against the principle of equalizing *incomes*, but it does not go against the broader precepts of economic equality, since the greater need for economic resources due to the disability must be taken into account in judging the requirements of economic equality.

Empirically, the relationship between income inequality and inequality in other relevant spaces can be rather distant and contingent because of various economic influences other than income that affect inequalities in individual advantages and substantive freedoms. For example, in the higher mortality rates of African Americans vis-à-vis the much poorer Chinese, or Indians in Kerala, we see the influence of factors that run in the opposite direction to income inequality, and that involve public policy issues with strong economic components: the financing of health care and insurance, provision of public education, arrangements for local security and so on.

Mortality differences can, in fact, serve as an indicator of very deep inequities that divide races, classes and genders, as the various

illustrations in this chapter bring out. For example, the estimations of "missing women" show the remarkable reach of female disadvantage in many parts of the contemporary world, in a way that other statistics may not adequately reflect. Also, since the incomes earned by family members are shared by others in the family, we cannot analyze gender inequality primarily in terms of income differences. We need much more information than is usually available on the division of resource use within the family to get a clearer idea of inequalities in economic affluence. However, statistics on mortality rates as well as other deprivations (such as undernourishment or illiteracy) can directly present a picture of inequality and poverty in some crucial dimensions. This information can also be used to relate the extent of relative deprivation of women to the existing inequalities in opportunities (in earning outside income, in being enrolled in schools and so on). Thus, both descriptive and policy issues can be addressed through this broader perspective on inequality and poverty in terms of capability deprivation.

Despite the crucial role of incomes in the advantages enjoyed by different persons, the relationship between income (and other resources), on the one hand, and individual achievements and freedoms, on the other, is neither constant nor in any sense automatic and irresistible. Different types of contingencies lead to systematic variations in the "conversion" of incomes into the distinct "functionings" we can achieve, and that affects the lifestyles we can enjoy. I have tried to illustrate in this chapter the different ways in which there can be systematic variations in the relationship between incomes earned and substantive freedoms (in the form of capability to lead lives that people have reason to value). The respective roles of personal heterogeneities, environmental diversities, variations in social climate, differences in relational perspectives and distributions within the family have to receive the serious attention they deserve for the making of public policy.

The argument is sometimes made that income is a homogeneous magnitude, whereas capabilities are diverse. This sharp contrast is not entirely correct, in the sense that any income evaluation hides internal diversities with some special—and often heroic—assumptions.⁵³ Also (as was discussed in chapter 3), interpersonal comparisons of real income give us no basis for interpersonal comparisons even of

utility (though that hiatus is often ignored in applied welfare economics through the imposition of wholly arbitrary assumptions). To get from the comparison of the means in the form of income differences to something that can be claimed to be valuable in itself (such as well-being or freedom), we have to take note of circumstantial variations that affect the conversion rates. The presumption that the approach of income comparison is a more "practical" way of getting at interpersonal differences in advantages is hard to sustain.

Furthermore, the need to discuss the valuation of diverse capabilities in terms of public priorities is, I have argued, an asset, forcing us to make clear what the value judgments are in a field where value judgments cannot be—and should not be—avoided. Indeed, public participation in these valuational debates—in explicit or implicit forms—is a crucial part of the exercise of democracy and responsible social choice. In matters of public judgment, there is no real escape from the evaluative need for public discussion. The work of public valuation cannot be replaced by some cunningly clever assumption. Some assumptions that give the appearance of working very nicely and smoothly operate through concealing the choice of values and weights in cultivated opaqueness. For example, the assumption—often implicitly made—that two persons with the same demand function must have the same relation between commodity bundles and well-being (no matter whether one is ill and the other not, one disabled and the other not, and so on) is basically a way of evading the need to consider many significant influences on well-being (as was discussed in chapter 3). That evasion becomes transparent, as I have tried to illustrate, when we supplement income and commodity data with information of other types (including matters of life and death).

The issue of public discussion and social participation is thus central to the making of policy in a democratic framework. The use of democratic prerogatives—both political liberties and civil rights—is a crucial part of the exercise of economic policy making itself, in addition to other roles it may have. In a freedom-oriented approach, the participatory freedoms cannot but be central to public policy analysis.

CHAPTER 5

MARKETS, STATE AND SOCIAL OPPORTUNITY



"It is the customary fate of new truths," says T. H. Huxley in *Science and Culture*, "to begin as heresies and to end as superstitions." Something very like this seems to have happened about the truth of the importance of markets in economic life. There was a time—not very long ago—when every young economist "knew" in what respect the market systems had serious limitations: all the textbooks repeated the same list of "defects." The intellectual rejection of the market mechanism often led to radical proposals for altogether different methods of organizing the world (sometimes involving a powerful bureaucracy and unimagined fiscal burdens), without serious examination of the possibility that the proposed alternatives might involve even bigger failures than the markets were expected to produce. There was, often enough, rather little interest in the new and additional problems that the alternative arrangements may create.

The intellectual climate has changed quite dramatically over the last few decades, and the tables are now turned. The virtues of the market mechanism are now standardly assumed to be so pervasive that qualifications seem unimportant. Any pointer to the defects of the market mechanism appears to be, in the present mood, strangely old-fashioned and contrary to contemporary culture (like playing an old 78 rpm record with music from the 1920s). One set of prejudices has given way to another—opposite—set of preconceptions. Yesterday's unexamined faith has become today's heresy, and yesterday's heresy is now the new superstition.