Introduction: Capability and Valuation

Poetic Justice, with her lifted scale,
Where in nice balance truth with gold she weighs,
And solid pudding against empty praise. ¹

1. OVERVIEW OF THE PROBLEM

In 1995, a women’s organization in the village of Arabsolangi, Pakistan, requested funding from Oxfam for an income generation activity in their village. ² Together, the male and female social organizers and one Oxfam programme officer invited eight of the poorest persons in the village to participate with them in this initiative. Whether poverty is measured in absolute or relative terms, whether in income or calories per day or literacy or life expectancy or social exclusion, these eight people in interior Sindh—widows and landless heads of households—were poor. After considerable discussion, meetings, and technical input, the group decided to cultivate roses. They leased land and planted the first rose field in the area. The roses grew well, and after experiments with rose-water and rose paste, the group found that rose garlands were the most lucrative, and began to produce these. Two adult male members and the small sons of two women from the group sold the garlands in a nearby market town. During the first year and a half, by all accounts, changes occurred. Dadi Taja, a widow, became, quite literally, able to ‘walk about without shame’ ³ and reported, ‘people in the village now respect me’. ⁴ Dadi Taja explained that she values the income the rose project produces, but this is not its only benefit. She also mentioned her delight that the fragrance of roses permeates her clothing, her satisfaction from working together in a group, and her inner peace because the garlands are used in saints’ shrines and to decorate the Qur’an Sharif. Other members valued similarly diverse changes. The social organizer, for example, said that her capacity and confidence have been greatly strengthened through this activity, and she has now marshalled funds from various donors for additional development initiatives, and has helped train other social organizers for Oxfam.

Changes occurred, but how should they be valued? How could they be measured? How does Oxfam decide if their scarce resources have been optimally used in the rose

¹ Alexander Pope, *The Dunciad*, bk. i, l. 52.
² Details of this case study are found in Ch. 7, Sect. 3.
³ Sen (1981a: 18) referring to Adam Smith (1776: 351–2). For a further discussion of this as an aspect of absolute poverty see Ch. 5, Sect. 1.
⁴ Dadi Taja, May 1996; see Ch. 7, Sect. 3.5.
cultivation project in interior Sindh? Oxfam Pakistan’s 1995–1996 Annual Report stated that one way of framing its progress was to ascertain whether Oxfam activities had reduced poverty more than if the Oxfam Pakistan budget (about £300,000 per year) was simply handed out to a group of the absolutely poor. Thus the question is, did we achieve impact on poverty equivalent to one time consumption assistance for between 4,000–10,000 people, or to a sustained increase in monetary income for between 200 and 500 people? In the case of the rose cultivation activity, the increase in monetary income in 1996 seemed marginal: each rose group member received just over 300 Rs that year, which is roughly one man’s labouring wage for five to seven days—and the future income stream was unpredictable. Had the rose cultivation grant been handed out to each member, each would have received 2,365 Rs. Dadi Taja’s 12 year old son fared slightly better. He earned about 2,500 Rs in 1996 from selling the garlands in the market town, and was able to pay his own school fees and buy trainers. If Oxfam acted on the basis of these assessments, it would reinvest scarce resources in alternative activities that generate more income.

But analyses of income generation alone exclude benefits such as empowerment, knowledge, and meaningful work which, though difficult or impossible to price accurately, were highly valued by participants.

The capability approach will be introduced very shortly and revisited often. But the fundamental insight of this approach is remarkably simple. It argues that the goal of both human development and poverty reduction should be to expand the capability that people have to enjoy ‘valuable beings and doings’. They should have access to the positive resources they need in order to have these capabilities. And they should be able to make choices that matter to them.

According to the capability approach, we could not say definitively that poverty reduction has occurred simply because income per capita had increased in Arabsolangi. Nor could we necessarily conclude that poverty reduction has occurred if we were to have information that people were meeting more of their basic needs than they had in the previous term (because this could be coerced). But if we knew that the rose cultivators could realistically choose to enjoy a greater set of valuable activities or ways of being, then we would conclude that poverty reduction had occurred.

The capability approach avoids some of the pitfalls and omissions of alternative ways of conceptualizing development. But leaving these aside for now, already we have enough information to become curious how to apply it. We ask, what are these ‘valued beings and doings’ for the rose cultivators? Are they the same for everyone in the world? Who is to choose focal capabilities of the rose cultivation initiative—Oxfam? The rose group? Economists or politicians?—and on what grounds? Which capabilities and whose are to be given priority?

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5 This does not include funds for emergency and relief work, nor grants from other donors.
6 Oxfam Pakistan (1996: 1).
7 (1999a: 75, 1992a: 39). See also Sen (1990a). Henceforth all footnotes that do not specify an author either in the text or in the footnote, refer to Sen’s writing.
These are common enough questions and Sen’s capability approach does indeed, as we shall see, provide some answers. By and large these answers either describe how to use limited consensus to create a partial ordering of options, or they are quite general—they raise all possible considerations but leave it up to (unspecified) agents or political communities to make the value judgements necessary to interpret and use the capability approach. Yet those who are working at a microeconomic level and amid value conflicts also need something more concrete.

These chapters represent an attempt to ‘operationalize’ the capability approach—to describe how it can be put into practice in microeconomic poverty reduction initiatives. Sen has not specified how the various value judgements that inhere in his approach, and that are required in order for its practical use (whether at the micro or macro level), are to be made. His reason for this is that there are a number of competing ways in which this specification may take place, each of which would be coherent with the capability approach. To choose one might be to rule out others and therefore compromise the ‘incompleteness’ and ‘pluralism’ of the capability approach.

But without some specification—and simplification—the capability approach cannot be used efficiently. The challenge is to simplify it without introducing significant distortions in the process. Hence this book will explore one broad way of identifying the information and judgements required to apply the capability approach, and the appropriate location of these.

I have taken as a focal problem the need for a methodology by which Oxfam field staff in Pakistan could identify which ‘valuable’ capabilities a development activity (such as rose cultivation) had expanded or contracted. Such a methodology is needed by both local and international institutions that assess activities (and ultimately allocate resources) according to heterogeneous considerations—such as how participatory an activity was, how much it had targeted the poor, empowered women, built capacity, strengthened institutions, improved the environment, catalysed local government, mobilized communities to undertake collective action, deepened cultural life, or generated sustainable social services. The methodology developed here represents an explicit attempt to explore the operational strengths and limits of the capability approach.

In order to develop and articulate the linkage between the capability approach and an operational methodology, some foundational work on value judgements was necessary. To clarify the identity and nature of the value judgements in the capability approach I have drawn on Sen’s own work on rationality, and on other approaches that support pluralism, incompleteness, and freedom of choice, and acknowledge the wider implications of possible actions, especially John Finnis’s.

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8 Capabilities are valuable by Sen’s definition, so the adjective is formally redundant. I nonetheless sometimes employ the term ‘valuable’ simply because much of this book is concerned with singling out what people value. Furthermore, if valuable ‘beings or doings’ are chosen by a value judgement (and if so chosen are capabilities) then what do we call ‘non-valued’ beings and doings, or beings and doings ‘of disputed value’?

9 This assumes that development institutions are concerned to maximize the effectiveness of their loans or grants in expanding capabilities.
I have also drawn on Martha Nussbaum’s work, as hers is the most well-developed active proposal of how the capability approach should be put into practice; and on the methodologies of ‘participation’, because value issues arise in many participatory exercises. I have used these sources to construct a framework for specifying valuable capabilities in a way that seems consonant with Sen’s capability approach taken as a whole. I am aware that many will disagree, and hopefully will find other practical methods for specifying the capability approach. I am also uncomfortably aware that simplification and operationalization seems, inevitably perhaps, dissatisfying or even discourteous to those who have worked out far sharper accounts of component concepts. Yet by making the simplifications explicit, one is better able to invite criticism and modification of them.

Having sketched roughly the topic of this book, the remainder of this chapter identifies the problem more precisely. Sen’s capability approach is introduced, and several salient criticisms of it are reviewed. Then the key terms and sources are introduced, and the relation of each chapter to the overall topic is outlined. The chapters that follow are tethered to the problem of how to identify, obtain, and process the information that is required to implement the capability approach in the assessment of poverty reduction initiatives at the microeconomic level.

2. SEN’S CAPABILITY APPROACH

In the monograph *Inequality Reexamined* Nobel Laureate Amartya Sen argues that social arrangements should be evaluated according to the extent of freedom people have to promote or achieve objectives they value. Sen argues that if equality in social arrangements is to be demanded in any space—and most theories of justice advocate equality in some space, such as that of liberty, income, primary goods, resources, or utility—it is to be demanded in the space of capabilities. Rather than aiming to equalize the income of an elderly farmer and a young student, for example, policy-makers should aim to equalize the capability each has to enjoy valuable activities and states of being. Sen uses the metaphor of ‘space’ to bracket off the area in which different theories of justice require equality, or impartial treatment of persons. Because of the fact of human diversity, equality in capability space—the space of freedom to promote or achieve valuable objectives—will, in fact, go along with inequality in other spaces.

The following four sections will introduce Sen’s capability approach through four of its core concepts: functionings, freedom, pluralism, and incompleteness.

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13 (1992a). See also Sen (1996g).
2.1. **Functionings**

Sen argues that functionings—that is, ‘the various things a person may value doing or being'\(^ {14} \)—taken together create a better conceptual space in which to assess social welfare than utility or opulence. Functionings are ‘beings and doings’, such as being nourished, being confident, or taking part in group decisions. The word is of Aristotelian origin and, like Aristotle, Sen claims, significantly, that ‘functionings are constitutive of a person’s being'.\(^ {15} \) So when Oxfam undertakes to evaluate an individual’s or group of persons’ well-being (in the course, perhaps, of assessing their quality of life, standard of living, social welfare, or level of poverty), Sen would argue that it must have in view their functionings. How did the ‘beings and doings’ of the rose growers expand and contract?

The focus on functionings sets the capability approach off from other approaches to the evaluation of well-being. For example many would evaluate well-being in the space of psychic utility or preference fulfilment (the capability approach has been developed during a period when welfare economics has been dominated by fulfilled preference formulations of utilitarianism). Others would evaluate it in terms of income per capita, or in terms of the commodities persons were able to command. Still others, following Rawls, would assess well-being in the space of primary goods (which include commodities and other goods such as liberty and self-respect).

In explaining and defending the capability approach, Sen typically demonstrates the flaws in these alternative approaches and then shows that such flaws are corrected in the capability approach. For example, economic theory has often interpreted welfare peculiarly in terms of psychological happiness or desire-fulfilment, yet the magnitude of change in mental utility states (for example) may not track in any predictable fashion the value of a change. Sen often gives the example of how the perennially deprived become reconciled with their circumstances and appreciative of small mercies, thus their desires are muted and their psychic pleasure at small improvements to their situation is disproportionate to the benefit judged from another perspective. Dadi Taja, for example, a terribly poor but devout widow, may often be serene and even happy.\(^ {16} \) In a different vein, Sen questions Rawls’s proposal to require equality in the space of primary goods because the same amount of rice (or other goods) will be converted into radically different levels of physical vigour for a child, in the case of a disabled teenager, as against an agricultural worker, or an elderly woman. Sen argues that Rawls’s reasoning can be broadened to take greater note of the contingency of

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\(^ {14} \) 1999a: 75.


\(^ {16} \) Biswas-Diener and Diener (2000) likewise document the satisfaction in slums of Calcutta to be higher than expected, given the objective circumstances of life for pavement-dwellers, sex workers, and slum dwellers.
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circumstances. For we are really interested in what persons are actually able to do or be—that is, in their functionings—not in the pounds of rice they consume.

Sen acknowledges that mental states and command over commodities are both relevant to well-being. For example, his entitlement analysis of famine directs attention at an individual’s ability to command food supplies. Furthermore he acknowledges that the work of others who have tried to correct the shortcomings of utilitarian or commodity-focused approaches has ongoing relevance even if these approaches themselves are not fully adopted. And both utility and commodities can be used as proxies of individual advantage when further information is unavailable. But Sen’s claim is that both approaches fail to provide an adequate conceptual basis for comparisons of well-being, and that neither is sufficient as a basis of social evaluation.

2.2. Freedom

A person’s achieved functionings at any given time are the particular functionings he or she has successfully pursued and realized. But in assessing human development, a focus on achieved functionings alone, like a focus on utility, is incomplete. It does not necessarily incorporate what Sen terms agency or freedom. In order to attend to the foundational importance of freedom Sen introduces the concept of capability. Capability refers to a person’s or group’s freedom to promote or achieve valuable functionings. ‘It represents the various combinations of functionings (beings and doings) that the person can achieve. Capability is, thus, a set of vectors of functionings, reflecting the person’s freedom to lead one type of life or another . . . to choose from possible livings.’ It is the presence of this term ‘freedom to’—Sen’s assertion of the inherence of free choice in development activities—that led Sen to name this distinctive approach the ‘capability’ approach.

In the capability approach, freedom is concerned with ‘the real opportunity that we have to accomplish what we value’ (emphasis in original), and like Aristotle and Marx among others, Sen argues that freedom has intrinsic as well as instrumental value. ‘The “good life” is partly a life of genuine choice, and not one in which the person is forced into a particular life—however rich it might be in other respects.’

What it might be easy to overlook in his account is the phrase, ‘to accomplish what we value’ (emphasis added). Without qualification the prominence of choice in Sen’s

17 1985b: 24, and the references there listed.
18 Agency refers to the freedom to bring about achievements one considers to be valuable, whether or not these achievements are connected to one’s own well-being or not. See (1992a: 56–7, 1999a: 191), and Sen’s third Dewey lecture (1985a: 203–21). Those who are most familiar with the principal–agent terminology in economics might notice that Sen’s use is the opposite: ‘I am using the term “agent” not in this [principal–agent] sense, but in its older—and “grander”—sense as someone who acts and brings about change, and whose achievements can be judged in terms of her own values and objectives, whether or not we assess them in terms of some external criteria as well’ (1999a: 19).
20 1992a: 40.
22 1996a: 59.
account would be open to the (empirically testable) comment that choice is of more importance in some societies than others. But the prominence is qualified: Sen argues that increases in choices per se do not necessarily lead to an increase in freedom, in part because the options added may not be ones we value anyway, and in part because (however valuable or not options may be) we may lose the option to live ‘a peaceful and unbothered life’. ‘Indeed sometimes more freedom of choice can bemuse and befuddle, and make one’s life more wretched.’

So it is becoming apparent, as intimated earlier, that a number of kinds of evaluation are inescapable in the specification of capabilities and freedoms. At minimum, an evaluation must consider: which achieved functionings people value rather than regard as trivial or evil or undesirable; how valuable alternative people’s or future generations’ functionings are; how valuable it is to have further (valuable) options as opposed to enjoying the tranquillity of not having to choose; and how to evaluate different people’s conflicting claims about what functionings are valuable at all.

Besides distinguishing valuable ‘range of choice’ and ‘freedom’, Sen also distinguishes freedom from ‘control’. Sen considers freedom to include ‘a person’s ability to get systematically what he would choose no matter who actually controls the levers of operation’. For example, if, given the choice, we would choose to live in a malaria-free environment, then a public programme to drain malaria ponds does indeed enhance our freedom, even if we were not in fact asked, because in the absence of this public programme we would not have the effective freedom to live in a malaria-free environment. This is the case even if the ‘number of alternatives’ we have to choose between does not increase (in fact we lose the freedom to choose to get malaria). Clearly often what is important actually is who has the levers of control (oneself/one’s group or another). But Sen points out that direct control is not the only expression of freedom, though it has often been mistaken as such.

The ‘revealed preference’ approach also places importance on people’s choices. Recall that Samuelson (1938) proposed that consumers’ actual choices in two sets of circumstances reveal their preferences between two or more goals. But Sen is perhaps most thorough in his rejection of the form of utilitarianism that is manifested by this approach. He regards the term ‘preference’ as ‘an elaborate pun’. For in the revealed preference approach, there is no way of identifying preferences except by observing people’s choices. Preference is an inference from choice. Sen points out many flaws in this way of inferring preference from choice (and, separately, details the ‘bizarreness’ of Samuelson’s assumption of the internal consistency of choice).

For instance, you may not in all cases choose what furthers your own well-being. You may buy ‘fair trade’ coffee not because you prefer the taste—in fact it may be quite bitter and dried out—but because you believe in better wages for coffee pickers. Or you may be indifferent between brands of milk on the shelf but need a pint, so pick one up

26 1982r.
quite randomly. In both cases the ‘revealed preference theorist’ would interpret the action as expressly ‘preferring’ the chosen option (brand of milk) to the alternatives. Sen never argues that actual choices and preferences are not important; in fact he argues for choice-salience. But he argues that the importance of actual choices and the importance of desires and happiness arise in so far as they reflect the states of affairs and processes that we value, and because choosing may pertain to our well-being. Yet a complete reliance on choice behaviour to the exclusion of information about the valued ‘beings and doings’ people understand themselves to be pursuing is inadequate. This is the case even though there are well-known difficulties in acquiring information about values accurately and directly.

In the rose project, Oxfam chose to work in income generation, and to focus this work on the poor. But the small group, not Oxfam, collectively decided to cultivate roses. Bananas, they decided, were too heavy and physically demanding for the women; okra and onions had only seasonal harvests, so would not provide a steady income; sunflowers did not fetch a good price. The rose group managed the project, deciding how to divide up the weeding and how much to pay garland-sellers. This ‘control’ proved to be empowering—participants gained confidence in their ability to make decisions and undertake new responsibilities. Also, one of the strongest impacts was their inner peace from an activity that was meaningful as well as lucrative. The freedom to choose was valuable in itself and generated an economic activity that was valued on multiple levels. It is these sorts of ‘valued freedoms’ with which we will be continuously concerned.

2.3. Pluralism

At this point the capability approach may well seem unwieldy. It is not exactly clear how far we are to understand and apply the ample phrase ‘valuable beings and doings’ but it seems to cover a generous terrain—from friendships to fragrance to job satisfaction. Clearly, in order to construct even individual capability sets much less compare capabilities we need a great deal of information which will not be straightforward to obtain. Some operational concerns will be addressed eventually, but it may be valuable first to pause and appreciate the very breadth of the capability term.

Sen emphatically defends the breadth of the capability approach and the pluralism of its information base (his defences are normally motivated by a prior discussion of the paucity of information that routinely enters utilitarian calculus in economics). Capabilities may relate to things near to survival (the capability to drink clean water) or those which are rather less central (the capability to visit one’s aunt, the capability to eat rich sweets). The definition of capability does not delimit a certain subset of capabilities as of peculiar importance; rather the selection of capabilities on which to focus is a value judgement (that also depends partly on the purpose of the

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30 e.g. in 1997d.  
31 See 1985b: 32; 1999a, ch. 3.
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evaluation), as is the weighting of capabilities relative to each other. For instance, in an article called ‘The Living Standard’, Sen had suggested that one ‘separate “material” functionings and capabilities (e.g., to be well-nourished) from others (e.g., being wise and contented)’ and evaluate standards of living with reference to material capabilities. But later Sen reflected that he was less sure of this separation. He suggested instead that considerations of living standard encompass all valued functionings. ‘It is possible that this way of drawing the line is a little too permissive, but the alternatives that have been proposed seem clearly too narrow.’ So the capability approach appreciates all changes in Dadi Taja’s quality of life, from knowledge to relationships to job and inner peace, to fragrant clothes and the various valued activities made possible by the rose income. None of these changes is ruled out as irrelevant at all times and places. One can thus analyse the capabilities of a rich as well as a poor person or country, and analyse basic as well as complex capabilities.

Sen also notes that individual advantage can be assessed in at least four different spaces: well-being achievement, well-being freedom, agency achievement, or agency freedom. Individual advantage can be assessed in relation to one’s well-being whether defined in an elementary fashion (nutritional status) or in a more complex manner (self-esteem). Or it can relate to agency—one’s ability to pursue goals that one values (getting funding for a new school, serving the poor). In either case advantage can refer to the well-being or agency achievements, or to well-being and agency freedom. Sen argues that we cannot simply choose to focus on one or another of these four possible spaces; there are good arguments for keeping all in mind. He argues this while accepting that these objectives may conflict: your well-being achievement may increase, but your freedom to promote things you value may decrease.

This means two things. First, when Sen advocates that social arrangements should be evaluated with respect to ‘freedom’, he is advocating equality in a ‘space’ that has quite a substantial degree of internal plurality and requires further specification. It includes the medley of things like the social organizer’s freedom to be an agent of social change in Arbsolangi, and the group members’ capability to be nourished.

Secondly, and taking a step back, Sen argues that equality in the space of capabilities is only one principle of several which might be of relevance: ‘the capability perspective, central as it is for a theory of justice, cannot be entirely adequate for it’. One may wish to consider efficiency, and liberty or negative freedom for example (Ch. 3 Sect. 5.2). These principles might even pertain to capability equality, if viewed in the long term. But they may each support radically different courses of action.

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35 (1992a: 129); see (1993: 49), where Sen clarifies that the capability approach can be used for evaluation in all four spaces ‘though not with equal reach’.
The capability approach enriches the considerations that inform the analysis of social choices and social welfare by widening the informational basis of such analyses to include a greater range and kind of welfare than simply happiness or revealed preference, and by expanding the moral principles that coordinate this information to include considerations besides welfare. In this way it supports pluralism, the view that valid well-being and valid social welfare come in diverse forms.

2.4. Incompleteness

The capability approach is deliberately incomplete. Sen is far less concerned with taking and defending a substantive but contentious position than he is with showing how the capability approach can be shared by persons of diverging, even contradictory, philosophical systems. The intention behind this foundational plurality is to allow economists and development practitioners to work on pressing issues for which consensus on fundamentals is not necessary. Also Sen is more concerned with ruling out ‘patently unjust’, inefficient, or otherwise unacceptable possibilities than he is with identifying a complete ordering of options. He concentrates on drawing attention to the serious oversights of certain utilitarian approaches to problems rather than clarifying exactly how one employing the capability approach might arrive at a judgement.

This incompleteness can seem evasive and willowy, but it is in fact one of the most important advantages of the capability approach and one to which we will return again and again. In Inequality Reexamined Sen identifies two grounds for allowing incompleteness: fundamental and pragmatic. The ‘fundamental reason for incompleteness’ (which Sen also refers to as ‘assertive incompleteness’) is that the ideas of well-being and inequality may have enough ambiguity and fuzziness to make it a mistake to look for a complete ordering of either . . . The ‘pragmatic reason for incompleteness’ is to use whatever parts of the ranking we manage to sort out unambiguously, rather than maintaining complete silence until everything has been sorted out and the world shines in dazzling clarity . . . ‘Waiting for toto’ may not be a cunning strategy in a practical exercise.

In either case, Sen argues that the residual incompleteness is honest rather than disappointing: ‘Babbling is not, in general, superior to being silent on matters that are genuinely unclear or undecided’. Furthermore, it may be possible to rule out clearly unsuitable practical options before there is agreement on metaphysical or theoretical doctrines, or complete data, or a consensus between all relevant parties.

37 For example, Sen and Anand (1994a) show how sustainability can be defended either as an issue of distributional equity or as a deontological principle.

38 Sen (1992a: 49), also see Sen (1999a: 253–4, 1989b). Elsewhere he calls this ‘assertive’ incompleteness, which means that even the provision of additional information would not identify one unique optimum.

The framework for specifying valuable capabilities advanced in the following chapters certainly preserves the ‘fundamental’ incompleteness of Sen’s capability approach, and retains a good deal of pragmatic incompleteness. Still, there are good reasons for welcoming other alternatives, and certainly for not setting forward this framework as the only way in which capabilities can be specified.

3. CRITICISMS

But how are capabilities to be measured? How are value conflicts to be resolved? As Sugden noted, ‘Given the rich array of functionings that Sen takes to be relevant, given the extent of disagreement among reasonable people about the nature of the good life, and given the unresolved problem of how to value sets, it is natural to ask how far Sen’s framework is operational’. At one level it obviously is: Sen and others have conducted empirical work that is consonant with the capability approach, and produces results that challenge those generated by alternative theories. Yet this does not actually answer our question, does the capability approach provide adequate direction regarding (i) how to identify valuable capabilities; (ii) how to make strategic economic decisions that weight and prioritize capabilities; (iii) what to do when value judgements conflict; and (iv) how capability sets may be measured, such that one can evaluate changes brought about by economic initiatives?

In a way, Sugden’s question is rhetorical, for Sen has never made the claim that the capability approach is fully operational and he has explicitly acknowledged that it is not a complete ‘theory of justice’. The reason for asking this question is that some criticisms highlight issues that must be considered as the capability approach is further developed.

Frances Stewart gives two practical examples in which Sen’s approach, theoretically considered, seems more able to rationalize than to resolve value conflicts. In the first case, the task is to rank two situations, one in which all people’s basic needs are fulfilled at a low level of equally distributed income, and secondly, where many persons enjoy a wide range of functionings; others have unmet basic needs. The capability approach, she writes, could not rank them, because it has not specified which capabilities are basic, nor has it addressed the problem of how to assign relative weights to the goals of ‘poverty alleviation’ and ‘capability equality’. Likewise if there were two possible consumption sets for a person, one in which all basic needs were fulfilled, and the other in which some basic needs were not fulfilled and more drink and tobacco were consumed, the capability approach, she argues, could not decide which was preferable. In each case, the ‘strong element of valuation’ that the basic needs approach incorporates makes it ‘more robust about ranking.

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alternatives’. Thus Stewart advocates the capability approach be strengthened by including ‘the valuation that priority should be given to achieving basic capabilities (and implicitly that these capabilities be identified)’.44 Such changes would bring it closer to the basic needs approach’s ability and Sen’s explicit intention45 to be ‘robust about ranking alternatives’.46

Stewart’s suggestion that ‘basic’ capabilities be explicitly identified at a general level was put forward theoretically by Bernard Williams in his comments on Sen’s Tanner Lecture on The Standard of Living:

The questions that I have raised about capabilities and their identification all suggest that one has to put some constraints on the kinds of capability that are going to count in thinking about the relation between capability on the one hand and well being or the standard of living on the other. In fact, I have slipped into that, by starting to talk about basic capabilities, and I think that it is difficult to avoid taking into account the notion of something like a basic capability, or . . . a basic set of [co-realizable] capabilities.47

Williams is not merely calling for a list of basic capabilities so that the operational phase may be entered, but rather for an extension of the theoretical conception of human flourishing, by reference to which a decision to select certain capabilities as basic could be defended. ‘There are many pressing questions about the identification of what a capability is, and they cannot be answered without a good deal of further theory. We are forced to ask what kinds of facts are presented by human nature in these respects, and also how we should interpret local convention.’48

Williams’s recommendation that the capability approach requires ‘a good deal of further theory’ has been actively advanced by Martha Nussbaum, who criticizes the generality of Sen’s capability approach: ‘It seems to me . . . that Sen needs to be more radical than he has been so far in his criticism of the utilitarian accounts of well-being, by introducing an objective normative account of human functioning and by describing a procedure of objective evaluation by which functionings can be assessed for their contribution to the good human life’.49 Her work, which is discussed in Chapter 2, Section 2, develops just such an account.

On a subject related to the tobacco problem raised by Stewart, David Crocker argues that Sen’s capability approach is not able to categorize any capabilities as not being valuable. He attributes this specifically to Sen’s assumption that capabilities are opportunities rather than latent powers of a person, and suggests that this definition compromises the extent to which Sen’s work is able to discriminate valuable from evil capabilities.50 Qizilbash formulates additional criticisms: (i) that Sen fails to give sufficient consideration to the means of freedom and (ii) that negative freedom does


47 Sen et al. (1987: 100).
not come into Sen’s account of advantage.\textsuperscript{51} Their criticisms (not all of which are necessarily accurate) highlight the need to explore not only which capabilities are basic for well-being, but also how to distinguish capabilities which are broadly ‘ethical’ or at least not evil, and pursue them in a similarly ethical manner.

Let us try to put this need for specification in context. Poverty reduction initiatives, development economics, and welfare economics all address the problem of how to generate and allocate productive resources to achieve the best social state. Reflections on this problem can be broken into three sub-components: (i) what kinds of information are necessary in order to define social states? (ii) how are more valuable social states to be distinguished from less valuable? (iii) what rules or principles guide (or constrain) the procedures of attaining/sustaining social states? The Bergson–Samuelson Welfare Theorem on which the greater part of welfare economics depends provided, for example, the answer that social states are to be measured as sum–rankings of individual ordinal utility, with greater aggregate sums defining better social states, and the necessary and sufficient principle being to maximize aggregate utility. The capability approach argues (i) that social states should be defined, for welfare purposes, primarily in the space of human capabilities, (ii) that more valuable states are those that have ‘expanded’ valuable human capabilities, (iii) the determination of which and whose capabilities are valuable and their relative weights should be subject to explicit scrutiny and public discussion over time, (iv\textsubscript{a}) that the single rule of social utility maximization is insufficient, and (iv\textsubscript{b}) that plural rules, based on principles of practical reason, apply.

The implications for welfare economics of assessing social states in terms of ‘capabilities’ rather than utility are substantial. In particular, the role of the market is subordinated to an enlarged framework of decision-making, that employs an extended informational basis, and a substantive rationality.\textsuperscript{52}

In the case of functionings and capabilities, since there are no markets directly involved, the weighting exercise has to be done in terms of explicit valuations, drawing on the prevailing values in a given society . . . This explicitness is not, in itself, a bad thing, since it gives the public a clear opportunity to question the values and to debate the decisions.\textsuperscript{53}

The problem is that, although Sen regularly refers to the need for explicit scrutiny of individual and social goals, for reflectiveness, value judgement, practical reason, and democratic social choice, he chooses not to specify the possible range of procedures by which valutational issues are to be resolved or by which information on valuations is to be obtained. Jonathan Glover argued that an appropriate further ‘research programme’ must include a ‘more precise account of values and principles to guide action’.\textsuperscript{54}

These comments point to the need for a framework for ‘valuing freedoms’ in order to put the capability approach into practice.

\textsuperscript{51} (1996\textsubscript{a}: 147), but see Sen (1992\textsubscript{a}: 87, 1999\textsubscript{a}).

\textsuperscript{52} e.g. Sen (1986\textsubscript{c}, 1987\textsubscript{a}, 1989\textsubscript{b}, 1993\textsubscript{c}, 1994\textsubscript{a}, 1995\textsubscript{b}, 1996\textsubscript{a}, 1997\textsubscript{b}, 1999\textsubscript{a}).

\textsuperscript{53} (1996\textsubscript{a}: 58). See (1999\textsubscript{a}: 30, 80, 125–6).

\textsuperscript{54} Glover in Nussbaum and Glover (1995).
4. THE NEED FOR A FRAMEWORK

Systematic and operational treatment of value questions in both welfare economics and development have regularly been side-stepped since the 1930s (Robbins’s 1932 essay is often cited as a watershed) by using an implicit utilitarian ethic that frames social choices as maximization exercises that yield an optimal solution(s) mechanically—that is, without explicit consideration of value judgements that the solution does (or does not) imply.

In development economics, values questions have been kept alive on several fronts. For example, many have argued that while some development aimed at economic growth has been successful, it has also contributed with disturbing regularity to increases in inequality, conflict, unemployment, corruption, dependence, unmanageable urbanization, environmental degradation, and loss of cultural identity. By reflection on these problems they have identified values for which GNP growth is an insufficient proxy—for example, human capital, health, gender disparity, concern for the interests of future generations, participation in institutions, empowerment, inclusion, absence of violent conflict, and a sustainable natural environment. Some critics reject development outright as necessarily antagonistic to cultural pluralism. Others argue that additional values also pertain to development and should be taken into account. They have developed a set of effective goals, including for example the poverty-focused basic needs approach, and its successor, ‘human development’. Authors and institutions in this trajectory wish to construct an alternative paradigm—comprising theory, policy instruments, methodologies, movements, and institutions—that will provide a basis for more ethical and participatory development.

An overriding problem that has faced those attempting to develop alternatives is addressing values issues adequately. For example, in the 1970s, a number of writers in the basic human needs tradition called for development goals to be oriented towards human beings and ‘full lives’ as the ends of development. This approach did not confine its interests merely to the commodity requirements of a minimally decent life, but recognized commodities as instrumental to a full life. Yet in practice it was never made clear how, methodologically, ‘practitioners’ were to define human ends and specify requisite commodities, nor what the role of participation was in this process.

58 See Stewart’s ‘full life’ goal of the metaproduction function (1985: 11). Sen’s criticism that basic needs has a commodity fetish is discussed in Ch. 5.
In 1984 Paul Streeten published a short article in *World Development* that tried to identify the ‘unsettled questions’ of the basic needs approach (with which he grouped Sen’s capability approach). He asked, who defines needs? Is the goal of development full human flourishing, or meeting basic needs? Where does participation fit in? Which needs can institutions legitimately plan to meet? How should international funding be coordinated for the meeting of basic needs?

Over fifteen years later these goals still require systematic responses, or else a strong argument for why systematic responses are impossible and how to generate appropriate responses in each context. For example, on the one hand, a chorus of actors advocate participation; on the other hand, many of the same actors advocate the energetic implementation of programmes that will realize the international development goals. This is true for the capability approach as well as for basic needs-based poverty alleviation efforts lest these be subverted by harmful simplifications. For this reason a more systematic link between theory and methodology in the issue of specifying values seems necessary.

Given the important lesson from basic needs of the importance of procedures for addressing values questions, this book will do two things. Part I will draw Sen’s work into discussion with a number of authors and critics, especially John Finnis, in order to suggest one possible way in which the values issues may be addressed coherently, and the methodological implications worked out, in a participatory manner. Part II will critically discuss one narrow set of methodologies—namely, those of micro-project evaluation—and suggest a tool for improving the evaluation of participatory projects that is consistent with the tenets of practical reason advanced in Part I. Before outlining these further, an overview and some terminological housework is in order.

5. FINNIS’S APPROACH

The next three chapters will refer repeatedly to the writings of John Finnis, an Australian professor of jurisprudence in Oxford, UK and Notre Dame, Indiana who writes on matters of Catholic Christian moral theology. Although Finnis’s writing is in a different discipline than Sen’s, there are parallels between them. In particular, both urge their colleagues not to seek a value-free discipline, but rather to put human flourishing squarely as the ‘end’ of their professional endeavours. Twenty years ago when Finnis published the text *Natural Law and Natural Rights* which I use extensively (and which he wrote whilst at the University of Malawi), it was the equivalent of a treatise on human development that challenged the regnant legal philosophy, which tried to make law ‘value-free’ (much in the same way Sen has challenged the revealed preference theories in economics). Finnis elucidated, in particular, an alternative way of raising and rationally considering what is good for people—again much as Sen has proposed ‘capability’ as an alternative to

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ordinal ‘utility’ in economics. The opening two paragraphs of Natural Law and Natural Rights give some sense of this:

There are human goods that can be secured only through the institutions of human law, and requirements of practical reasonableness that only those institutions can satisfy. It is the object of this book to identify those goods, and those requirements of practical reasonableness, and thus to show how and on what conditions such institutions are justified and the ways in which they can be (and often are) defective.

It is often supposed that an evaluation of law as a type of social institution, if it is to be undertaken at all, must be preceded by a value-free description and analysis of that institution as it exists in fact. But the development of modern jurisprudence suggests, and reflection on the methodology of any social science confirms, that a theorist cannot give a theoretical description and analysis of social facts unless he also participates in the work of evaluation, of understanding what is really good for human persons, and what is really required by practical reasonableness [or ethics].

I use Finnis’s work because it has a clear, explicit, structured treatment of some of the values issues that Sen raises (how to identify and enable people to identify what is valued, how to make value judgements between actions that produce very different kinds of benefits, how to identify who decides or by what process), and at the same time shares the fundamental attitude of Sen’s capability approach: that of judging institutions according to whether or not they enable human beings—in all of their complexity and diversity—to flourish.

In particular, Finnis’ work has these attributes:

- **Structure yet flexibility** The primary reason for considering Finnis’s work is that he provides a clear, full structure for individuals and communities to make the value judgements that must be made in order to use Sen’s capability approach, and to make these judgements in a participatory manner that can be adapted to different institutional settings, and to communities with different existing cultures and commitments.

- **Pluralism** Finnis’s ethical theory is founded on practical reason alone. It does not derive epistemologically from a particular set of metaphysical beliefs or ‘comprehensive doctrine of the good’. As such it can be useful to persons and communities of different cultures and belief systems.

- **Informational pluralism** Finnis, like Sen, argues that there are two categories of relevant information: one regarding (plural) human ends (which is the subject of Chapter 2); the other regarding (plural) principles (Chapter 3).

- **Central role for freedom** Finnis’s account of the central value of authentic self-direction mirrors the centrality of freedom in Sen’s work. Like Sen, Finnis recognizes that cultural and personal expressions of, and preferences for such freedom

61 1980: 3.

62 Lisska (1996) notes Finnis is distinctive among natural law theories because of his theory’s foundation in practical reason.
vary, hence the appropriate forms of self-direction will likewise vary. Also Finnis, like Sen, writes much of partial orderings, incompleteness, and the need for (and human value of) underdetermined free choice.

- **Intellectual roots**  Finnis develops the theory of natural law in the Aristotelian tradition (informed by later developments of it, and by Aquinas’s in particular). Sen likewise traces key ideas back to Aristotle’s discussions of functionings (the term in particular comes from his work), practical reason, and the instrumental nature of wealth. Both also consider other authors, and diverge from Aristotle.

- **Analytical clarity**  Finnis is a careful and clear philosopher. This may not seem much of a ‘selling point’ in a book that is to focus on practical matters. Yet the particular practical matters under discussion (the basis of social choices and value judgements in the course of development) are deeply contested. They greatly exercise welfare economists, activists, feminists, defenders of cultures, defenders of human rights, activists, political elite, and the politically repressed—often in opposite directions. A clear account of how an objective human development theory can combine normative elements and participatory procedures simply has not been established. Finnis provides such an account.

Finnis’s writings are superbly well-structured and compact, but also dense and philosophical. Luckily there are not too many of them—Finnis introduces all of the topics I mention in a slim text for undergraduate philosophy students called *Fundamentals of Ethics* and fully explains them in chapters 3 to 6 of *Natural Law and Natural Rights*. The fifty-two-page journal article Finnis co-authored with Joseph Boyle and Germain Grisez, ‘Practical Truths, Principles, and Ultimate Ends’ has a thorough treatment of these concepts and engages with some of the criticisms. However, despite this accessibility, Finnis’s theory has been misread and misunderstood in the secondary literature with surprising regularity. An alternative valuable introduction to Finnis’s theory, Rufus Black, was written in part to clarify and emphasize the most often misunderstood aspects of Finnis’s theory.

Finnis has also written on more applied issues, and discussion of these lies beyond the scope of this book, although Chapter 2 will (i) identify exactly how Nussbaum, among others, has misrepresented Finnis’s work, and (ii) clarify that Finnis’s controversial writings on concrete issues (such as contraception) are not entailed by the fundamentals of his theory—as is evidenced by the fact that liberal Christians have also found the theory tremendously useful in articulating alternative concrete positions. Finnis’s applied writings in, for example, sexual ethics, use not only the theory I will introduce, but in addition, a particular form of act analysis that is not defended in the central writings and that I do not propose or endorse.

Finnis’s account of rationality can be introduced in three parts. First, he gives an account of human value; how one recognizes human ‘ends’ (Ch. 2, below). Second, he articulates an overarching principle for pursuing these ends (Ch. 3, below).

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65 Biggar and Black (2001). 66 Ibid.
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This principle is not *sufficient* for resolving value conflicts and disputes. Yet this principle, and the plural principles that specify it, *can* be used to exclude some options, and to analyse the moral qualities of other options. Thirdly, free choice is crucially necessary in order to effect closure between competing options. But this role for free choice is not a regrettable necessity. Rather, free choice both for individuals and groups can be valuable of itself, as an exercise of human agency, of creativity and of self-direction (Ch. 4, Sect. 2).

The following three chapters comprise a sustained effort to explore the relevance of Finnis’s practical reasoning theory to the capability approach.

6. TERMS AND STRUCTURE

6.1. Terms

Most terms will be introduced in the following chapters; yet some attention needs to be given to the key concepts: functionings, capability, human development, and operationalization.

Sen’s definition of functionings was given above. The word comes from Aristotle’s discussion in book I of *Nicomachean Ethics*. Yet the English word ‘functioning’ is somewhat at odds with Sen’s definition of it, for it seems to connote mechanical action, perhaps more deterministic than free (e.g. ‘my furnace is not functioning’). This makes the term functioning appear rather odd at first to readers unfamiliar with the capability approach (hence my use of the phrase ‘valuable functionings’). I continue to use the word ‘functionings’ as Sen defines it in order to relate this discussion as fully as possible to the capability approach; yet at times I introduce and employ other words, such as flourishing, that seem to relate to ‘human ends’—that for the sake of which something is done—more comfortably than the word functioning.

Also, since the initial exposition in his first Tanner Lectures, Sen has referred to his approach as ‘the capability approach’ (or, sometimes, the capabilities approach). But he began a later clarification of the approach with the remark that ‘Capability is not an awfully attractive word . . . Perhaps a nicer word could have been chosen . . .’. And by the publication of *Development as Freedom* Sen used the word freedom rather

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67 ‘. . . there are many ways of going wrong and doing wrong; but in very many, perhaps most situations of personal and social life there are a number of incompatible right (i.e. not-wrong) options. Prior personal choice(s) or authoritative social decision-making can greatly reduce this variety of options for the person who has made that commitment or the community which accepts that authority. Still, those choices and decisions, while rational and reasonable, were in most cases not required by reason. They were not preceded by any rational judgement that this option is the right answer, or the best solution’ (Finnis 1992a: 152).

68 In I.vii Aristotle discusses sculptors, artists, joiners, shoemakers, players of reed flutes, and considers that the ‘goodness’ of each lies in how well he performs his given functioning. Then he asks, ‘Just as we can see that eye and hand and foot and every one of our members has some function, should we not assume that in like manner a human being has a function over and above these particular functions?’

69 (1980a). There does not seem to be a substantive distinction between them in Sen’s usage. I have used ‘capability approach’ in this book.

70 1993a: 30.
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... than capability in many instances. The problem with the word ‘capability’ is that it does not immediately conjure the image of intrinsically valuable human ends; it seems to be engaged in observing possibilities rather than looking forward to valuable actualizations of functionings, to actual realizations of freedoms. And yet, as is already clear, the capability approach is distinctive as an approach to justice or economic development in that it attaches intrinsic importance only to human processes, acts, and states (rather than to utility or real income or primary goods, for example). What is fundamentally important is that people can enjoy valuable beings and doings that they have, or would have, chosen. Again although the word seems to focus attention on one’s opportunity set, the fundamental objective of the capability approach is not to produce opportunities, but to create meaningful and fulfilled lives. I have retained the use of the term capability in most discussions partly because the word ‘freedom’ has several uses (as a synonym for capability, but also to distinguish achieved agency from agency freedom) and partly because for many persons still the word freedom has different connotations so the use of ‘capability’ may be clearer. In discussions where the context is clear, and as well in the title of the book, I prefer the word ‘freedom’. In using the term ‘poverty reduction’ I intend the fullest description of poverty, a description which shifts the objective of economic activity from economic growth to human development. This shift towards a ‘multidimensional’ view of poverty emerged gradually in reaction to and as a criticism of mainstream economic development that focused on growth in gross national product per capita. Growth, though a component of economic progress, is insufficient as an objective, since aggregate growth can go along with wrenching deprivation among the poor, with political oppression, or with any number of other less desirable states of affairs, at least in the medium term. For this reason Hollis Chenery et al. emphasized the need for redistribution with growth, or growth with equity, accomplished by increasing the productivity of the poor. The basic needs approach enlarged this objective to the provision of ‘a minimally decent life, defined in terms of levels of health, nutrition and literacy’ and other things instrumental to a full life. Sen worked constructively to articulate a theory that situated the basic needs approach within a more ‘general’ account of the development process. Sen wrote, ‘What is needed is to take the basic needs approach out of the arbitrarily narrow box into which it seems to have got confined. To see it as just one part of the capabilities approach—to which it is motivationally linked—would do just that.’ The Human Development Reports (HDRs) of the United Nations focus on people as the ends of development. Sen’s influence on these reports is ongoing: ‘Human development is a process of enlarging people’s choices. Enlarging people’s choices is achieved by expanding human capabilities and functionings.’ The World Bank’s recent Voices of the Poor studies and World Development Report 2000/2001 on the

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71 This is obtained by dividing the gross national product by the population, so only indicates an average portion of income per person but says nothing about distribution—if A earns £1 million a year, and B earns £10,000 a year, then the average per capita income of A and B is £505,000 each.


73 Stewart (1996), see Ch. 5, Sect. 2.

74 1984b: 515.


76 Narayan et al. (2000a, 2000b).
theme of Poverty refer to the goal of ‘poverty reduction’ as do, of course, the international efforts to support ‘poverty reduction strategies’. This terminologically focuses the discussion on the deprived, whose concerns should be explicitly prioritized (to whom we have an ‘imperfect obligation’). But it imbues this term (hopefully) with the multidimensional and participatory tones of recent discussions.

To render Sen’s ‘freedom’ or capability approach ready to put into practice in the assessment of poverty reduction activities entails basting (i) Sen’s proposition that individual advantage be judged in the space of capabilities rather than economic growth or primary goods with (ii) an account of how non-utilitarian assessments of valuable beings or doings that respect pluralism may be founded; (iii) an account of the role of actual individual and social choices in identifying value and resolving conflict; (iv) an account of how basic capabilities relevant for the pursuit of human development may be defined in general (or by institutions) and of the further permanent need to specify and weight basic capabilities according to participants’ reflectively held values; and (v) current best practice methodologies of micro-project assessment. These are diverse fabrics but operationalization would be incomplete without each. The following two sections explain how the book proceeds.

6.2. Structure: Part I

Sen himself conceives of the foundations of welfare economics in terms of utility, capability, and practical reason, and overtly owns the Aristotelian and Marxist roots of his approach. Thus it seems constructive to consider whether and in what ways a fully developed account of practical reason might be useful if the goal of economic development is conceived not as the maximization of utility but as the expansion of valuable capabilities. Finnis has developed and refined an approach to the pursuit of integral human fulfilment based on an account of practical reason. The structure of practical reason is analytically well-defined, having plural dimensions of functioning and plural principles that enable it to contain the ethical ambiguity of choices. It is also ‘operational’ in that it has been taught and used to analyse actual ‘dilemmas’ (such as nuclear deterrence policies) in order to illustrate what the different considerations of the decision might be. Furthermore, it holds that many choices are underdetermined free choices. This term means that not only are persons free to choose inefficient as well as efficient options, or beneficent as well as harmful options, but also that there may be no option which is most efficient and most beneficent, for example, or ‘best’ overall. This parallels Sen’s idea of fundamental incompleteness. Finnis’s conception of choice brings an interesting angle to issues of pluralism and participation, because when there is not necessarily an overall best alternative he argues that choice may still be made on intelligible rather than random grounds, by taking into account persons’ and communities’ culture, commitments, and current institutions. While these institutions might be observable by an outside observer, the decision of which to respect is a value judgement, often best made from within.

Each of the next four chapters synthesizes one aspect that must be specified in the operationalization of the capability approach, then proposes a framework for doing so. The issue of the second chapter is how one ‘specifies’ the dimensions of valuable functioning or capability. Nussbaum’s work on central human capabilities, and Finnis’s work on basic human reasons for action are both presented, and then alternative accounts of universal human needs and values are briefly considered. The third chapter considers (i) the kind of ethical rationality that accompanies the capability approach, in which free choice between plural ends is given central place, and (ii) the information required to complete rational comparisons of diverse human development initiatives. The fourth chapter considers the relationship between choice, self-direction, and the construction of cultural values and identities. It analyses the different possible values of community participation in poverty reduction initiatives. It also draws out considerations regarding the responsibilities that outside actors may have in generating and providing to decision-makers the information necessary to make informed choices. The fifth chapter returns to the issues of (i) whether, none the less, basic capabilities pertaining to absolute poverty may be identified from without, and (ii) whether in poverty reduction activities it is necessary to focus on ‘achieving functionings’ rather than ‘expanding capabilities’. It asks what, in practice, it means to address absolute poverty within the capability approach, and proposes a schematic four-part ‘operational’ definition of the capability approach in this regard.

While each chapter addresses an issue on which a great number of authors have written, it has been necessary to restrict reference to all but two or three discussions in order to treat these adequately. A full analysis is distinct from an operational account, and this study has the latter more modest aim. The fact that the main authors considered have articulated their own ideas with a great deal of precision and consistency elsewhere enables what could otherwise be a tortuous conversation to be conducted quite simply.

6.3. **Structure: Part II**

The sixth and seventh chapters consist of one practical and much narrower application of the capability approach as specified here, namely, a discussion of how economic analysis (cost-benefit analysis) and systematic qualitative information on human impacts can be combined in order to assess the relative effectiveness of particular development activities in expanding human capabilities. The sixth chapter defends the necessity of efficiency considerations, such as are incorporated in cost-benefit analysis, in project evaluation. It then reviews two prominent participatory methodologies that have been developed to supplement economic considerations with social data—one by the World Bank, the other as a result of US legislation governing public expenditure (in the first instance). Both lack a systematic method for identifying changes valued by participants themselves and for devolving real control over a decision to the lowest level capable of making it. This lack increases the chance of significant bias in gathering and interpreting value judgements. In response I describe a novel method of impact assessment which would complement and improve available assessment tools.
The method of impact assessment represents one way in which the framework of the preceding chapters could be used.

The seventh chapter comprises case studies of three small Oxfam activities in Pakistan on which both cost-benefit analysis and the further assessment of impacts were applied. The methodology described in Chapter 6 was developed, and these case studies were conducted, over nine months of field research in Pakistan with non-governmental organizations (NGOs) that undertake income generation activities among poor communities using participatory methods. The aim was to develop a participatory method for evaluating development activities (at different stages of implementation) which field staff could implement themselves, and which would facilitate the kind of self-direction and scrutiny of values issues advocated by Sen’s capability approach.

7. CONCLUSION

This book explores in depth the possibilities of Sen’s capability approach. Prominent in Sen’s exposition of ‘Development as Freedom’ is the suggestion that economics as an academic undertaking and as a practical activity requires explicit consideration of valuational issues. Valuational issues, he argues, are part of the proper domain of economic decision-making, and cannot be relegated and confined to philosophy or political science. Certain sections of the book therefore necessarily address foundational issues of rationality, choice, and values. The aim of such discussions is, however, practical. They aim to clarify how and by what process the value judgements that underlie Oxfam’s assessment of activities such as those in the three case studies can be made without serious oversight, and thereby to offer one way of operationalizing the capability approach.

79 This was followed by over three further months in Pakistan in which a team of twenty-two persons used the method to evaluate a country-wide ‘NGO initiative’ for social sector development.