Amartya Sen

By Sabina Alkire: Draft entry for the Elgar Handbook of Economics and Ethics.

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The writings of Amartya Sen (1933–) trace and draw attention to many interconnections between ethics and economics. Indeed, they have done much to reshape this intersection. Sen spent much of his childhood in Santineketan, Bengal. He studied economics first at Presidency College Calcutta and subsequently at Trinity College Cambridge, where he was awarded a Prize Fellowship. He has taught at Jadavpur University Calcutta; the Delhi School of Economics; the London School of Economics; the University of Oxford, where he became the Drummond Professor of Political Economy and Fellow of All Souls College; Trinity College Cambridge, where he served as Master 1998–2003; and Harvard University, where he is the Lamont University Professor and a professor of economics and philosophy. In 1998 Sen was awarded the Alfred Nobel Prize in Economic Sciences for his contributions in three areas of welfare economics: social choice, welfare distributions and poverty. As of July 2007, Sen had published 25 books and over 365 articles.

In the Royer lectures, later published under the title Ethics and Economics, Sen observes that modern economics began in part as a branch of ethics, as suggested by Adam Smith’s position as professor of moral philosophy at the University of Glasgow. Sen observes two origins of economics: ethics and engineering. Economics’ ethical fastenings address motivation (how one should live) and social achievement (the human good). Engineering techniques, which now dominate economics, shed light on the interdependence between important variables. Sen argues that a better balance needs to be struck between these two complementary branches by strengthening the ethical branch of economics, and further, that well-constructed economic analyses could, in turn, better inform moral philosophy.

This chapter explores five conceptual interconnections between ethics and economics which Sen has developed in writings in philosophy and welfare economics. The first
section introduces the need to scrutinize the informational basis of moral principles underlying economic analyses, drawing attention to the field’s narrow informational framework. The second and third sections focus on information pluralism, first introducing capabilities and opportunity freedoms as the internally plural space that Sen proposes for the evaluation of social or economic arrangements, then describing process freedoms such as agency and democratic practice. The fourth section, on principle pluralism, argues for the introduction of plural principles into economic analyses rather than relying wholly on Pareto optimality. The fifth section presents Sen’s arguments that human motivations are complex. In particular, he says that assumptions of uniform self-interest or of internal consistency of choice are misleading, as is the neglect of our imperfect obligations and responsibility. The concluding section, on justice, advocates an incomplete, maximizing comparative approach which can rank (or judge as unrankable) existing states of affairs and policy options, attending to the features introduced above, such as opportunity and process freedoms, plural principles, incomplete assessments and responsibility.

Due to space constraints, this chapter is unable to trace Sen’s related writings on gender, hunger, poverty, human rights, India’s development, nutrition, population, identity, violence and other topics of moral concern. Likewise, the space available is insufficient to attend to the secondary literatures that build upon Sen’s work. Such constraints make this account incomplete, as the omitted works and secondary literature are, in a number of cases, rather significant.

Information

Welfare economics regularly draws on moral principles, such as Pareto optimality, or Arrow’s independence of irrelevant alternatives. By analysing the information that these principles include and exclude, Sen argues, one can draw attention to their insights and oversights. ‘Informational analysis can be used to bring out the content, scope, and limitations of different moral principles. Each moral principle needs some types of
information for its use and – no less importantly – “rules out” direct use of other types of
information’ ((Sen, 1985, p. 69-70); see also (Sen, 1974, 1979).

Much of Sen’s work can be seen as criticizing the unnecessarily narrow informational
foundations of welfare economics and outlining methods to enrich the information that
guides economic decisions. For example, Arrow’s impossibility theorem (1951) raises
fundamental questions regarding the rules by which systematic social welfare judgements
are made. In Collective Choice and Social Welfare and subsequently, Sen challenges
some of the informational bases of Arrow’s theorem, arguing that a social ordering need
not be assumed to be transitive, that incompleteness is sometimes sufficient to identify
maximal options, that social choice should reflect the intensities of individual
preferences, and that interpersonal comparisons are not impossible. Overall, he argues,
‘the most likely route of escaping the Arrow dilemma in making social welfare
judgements lies… in the general direction of enriching the informational input into that
analysis’ (Sen, 1996, p. 55), and much of his writing has followed this route.

To take another example, Sen has systematically drawn attention to three fundamental
building blocks of welfare economics: welfarism (which sees the goodness of a state of
affairs as a function only of individual utilities), sum ranking (an aggregation procedure
that loses information regarding the initial distribution) and consequentialism (which
judges states of affairs solely by outcomes, disregarding processes). Taken together, these
three constitute the framework for welfare economics in which an act is to be pursued if it
produces the maximum utility sum (Paretianism). Sen has powerfully observed how
conventional uses of each of these three components excludes certain kinds of
information that should be routinely considered in a normative framework, such as
information about people’s freedoms, distribution considerations such as the Rawlsian
concerns for the least well off, and process concerns such as human rights or democratic
practice.
In the 1985 Dewey lectures and subsequently, Sen has argued for consideration of two additional kinds of information to inform both ethical and economic decision making. ‘One is in terms of plurality of principles (I shall call this principle pluralism), and the other in terms of plurality of informational variables (to be called information pluralism)’ (Sen, 1985, p. 176). This section and the next introduce information pluralism; the following, principle pluralism.

Ethical and economic assessments of well-being tend to draw on utility, opulence or revealed preferences, each of which Sen has criticized. Utility refers to a psychological state of happiness defined in terms of desire fulfilment or pleasure, yet Sen argues that these measures may be misleading. The chronically deprived often become reconciled with their suffering and appreciative of small mercies, thus a utilitarian reading of their psychological state may be inflated. Further, human rights advances, or expansions in freedom, would be recognized as contributing to well-being only if they impact individual utility. Opulence approaches evaluate well-being on the bases of the resources that a person has, such as income or Rawlsian primary goods. Yet people have widely varying abilities to convert resources into beings and doings that they value. A physically impaired person may require significantly greater resources to achieve mobility; a pregnant woman may require additional food in order to be well-nourished. Resource-based measures are blind to these differences. In the revealed preference approach, preference is merely inferred from an observed choice. While choice behaviour conveys important information, Sen jests that the ascription of ‘preference’ here is ‘an elaborate pun’ (Sen, 1971) because it reveals nothing about value or reflected preferences. In contrast to inferences drawn from choice behaviour, people do not always choose what furthers their own well-being; they may choose on the basis of commitment, or may be indifferent between options but choose one. Hence, to rely upon choice (revealed ‘preference’) data alone risks inaccuracy. Information on utility, resources, and choices
should continue to inform analyses, but because of these weaknesses should not, Sen argues, form the exclusive informational basis of well-being evaluation.

Sen argues that the information by which we assess well-being should be a dual accounting in terms of functionings – what a person manages to achieve – and capability, ‘the real opportunity that we have to accomplish what we value’ (Sen, 1992, p. 31). ‘The central feature of well-being is the ability to achieve valuable functionings. The need for identification and valuation of the important functionings cannot be avoided by looking at something else, such as happiness, desire fulfillment, opulence, or command over primary goods’ (Sen, 1985, p. 200).

Functionings are beings and doings that people value and have reason to value. In themselves functionings are information pluralist. They can include quite elementary achievements, such as being well-nourished and literate, or quite complex achievements, such as earning a world-class reputation in ice hockey. Note that by definition functionings are valuable: they reflect the diverse and plural values that people reasonably hold regarding their achievements. This makes at least some functionings incommensurable in the sense that they cannot be reduced to a common denominator, such as happiness, and mechanically summed. Rather, the relative weights of different functionings is itself a further value judgement.

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’ (Sen, 1992, p. 40). Capability extends the information pluralism to account for freedoms, ‘checking whether one person did have the opportunity of achieving the functioning vector that another actually achieved’ (Sen, 1985).
As in other areas, Sen’s writings on capability have inspired a considerable secondary literature, both constructive and critical, applied and theoretical. Perhaps the most influential of these is by Martha Nussbaum, who argues that Sen should specify a list of capabilities, such as the ten central human capabilities developed in her own work (Nussbaum, 1988, 1990, 1995, 2000). The Human Development Reports of the United Nations Development Programme have explored some applications of Sen’s approach in measurement and development policy. At present literally hundreds of academic papers now draw upon or further develop Sen’s work in different contexts, measures, countries and disciplines each year.

**Agency and process freedom**

Alongside capabilities, which are in a sense ‘opportunity freedoms’, we may wish to consider *process freedoms* related to what a person is able to do themselves on behalf of the goals that they value and are motivated to advance.¹

Sen’s influential 1970 paper *The Impossibility of a Paretian Liberal* elegantly illustrates the disregard for individual freedom introduced by an exceedingly mild application of the Pareto principle. In this well-known example, two persons ‘Prude’ and ‘Lewd’ have different preferences over whether *Lady Chatterley’s Lover* is read by Prude (p), Lewd (l) or No one (n). Prude prefers no one to read it, but certainly does not wish Lewd to relish it, hence holds the ranking (n, p, l). Lewd would like to read it, but would be even more delighted to inflict it upon Prude, so holds the ranking (p, l, n). In a liberal society, one might wish not to inflict it upon unwilling Prude, hence would prefer (n) to (p); also, a liberal society would not withhold it from Lewd, hence would prefer (l) to (n) so the social ranking would be (l, n, p), which is, however, Pareto inferior. Sen concludes that ‘while the Pareto criterion has been thought to be an expression of individual liberty, it

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¹ A full discussion of process and opportunity freedoms is found in Sen (2002), Chs 19–21.)
appears that in choices involving more than two alternatives it can have consequences that are, in fact, deeply illiberal’ (Sen, 1970, p. 157).

A concern for people’s freedom to act in and beyond private spaces is more systematically developed in conceptual and development writings. Sen’s capability approach views people, including poor people, as active agents. Agency is an assessment of ‘what a person can do in line with his or her conception of the good’ (Sen, 1985, p. 206). People who enjoy high levels of agency are engaged in actions that are congruent with their values. When people are unable to exert agency, they may be alienated from their behaviour, coerced, submissive, desirous to please or simply passive. If development and poverty reduction activities are to avoid such situations, then ‘the people have to be seen… as being actively involved—given the opportunity—in shaping their own destiny, and not just as passive recipients of the fruits of cunning development programs’ (Sen, 1999b, p. 53). This requires attention to the processes by which outcomes are attained, in particular, the extent to which people are able to engage actively and freely as agents.

Sen’s account of agency has distinct and plural features: agency is exercised with respect to multiple goals; agency includes effective power as well as direct control; agency may advance well-being or may address other-regarding goals; recognizing agency entails an assessment of the value of the agency goals; and agency introduces the need to incorporate the agents’ own responsibility for a state of affairs into their evaluation of it (Alkire, 2008).

First, agency is internally plural in that it may be exercised with respect to, and defined in relation to, multiple goals. Second, agency may include effective power and control. Effective power is the person’s or group’s ‘power to achieve chosen results’. In situations of effective power, no matter how choices are actually made and executed, power is ‘exercised in line with what we would have chosen and because of it’ (Sen, 1985, p. 211). Effective power may pertain to individuals, but in some cases it pertains only to groups: ‘Given the interdependences of social living, many liberties are not separately
exercisable, and effective power may have to be seen in terms of what all, or nearly all, members of the group would have chosen’ (Sen, 1985, p. 211). *Control* refers to a person’s ability to make choices and to control procedures directly (whether or not they are successful in achieving the desired goal) (Sen, 1985, p. 208-209). Third, agency and well-being perspectives are interrelated but remain importantly distinct. In particular, agency does not have to advance well-being at all; it may be *other-regarding*. Thus, agency has *open conditionality* in the sense that it is ‘not tied to any one type of aim’ but advances any goals the person thinks important, whether for themselves, their community, the poor or some other entity altogether, such as preserving China’s terracotta soldiers. Fourth, agency is, by definition, related to goals that the person values. ‘The need for careful *assessment of aims*, allegiances, objectives, etc., and of the conception of the good, may be important and exacting’ (Sen, 1985, p. 204 ital mine). This requirement, in essence, imposes upon agency conditions similar to those for capability, namely that agency pertains to the advance of objectives that ‘people value and have reason to value’. Fifth, an agent’s assessment of a situation or state of affairs, and their subsequent response to it, will include, when relevant, an assessment of their own responsibility in bringing about that situation (Sen, 1983; Sen, 1985). That is, in Bernard Williams’ famed case, Jim is faced with a choice of watching as a bandit kills twenty people, or killing one of them himself and saving the others. Of this situation Sen writes, ‘Whereas others have a straightforward reason to rejoice if Jim goes ahead, Jim has no option but to take serious note of his own responsibility in that state and his agency in killing someone himself.’

Agency can be exercised individually or collectively and the collective possibility is worth highlighting. The capability approach reintroduces a number of value judgements into economics that had been expunged by Lionel Robbins, Paul Samuelson and others. For example, the choice of relevant capabilities to pursue is a value judgement, as is the choice of the relative importance and urgency to assign distinct capabilities and different groups within a population. Such value judgements and mobilization are often to be made, or at least informed by and held accountable to, some form of collective agency,
such as participation, public debate and deliberation, democratic practices and social movements.

Sen provides three reasons for supporting such processes. First, ‘Participation… has intrinsic value for the quality of life. Indeed being able to do something not only for oneself but also for other members of the society is one of the elementary freedoms which people have reason to value (Drèze and Sen, 2002, p. 9). Second, public action can play a vital instrumental role in people’s claims to political attention. ‘In a democracy, people tend to get what they demand, and more crucially, do not typically get what they do not demand’ (Sen, 1999b, p. 156). Finally, Sen argues that, ‘the practice of democracy gives citizens an opportunity to learn from one another, and helps society to form its values and priorities… In this sense, democracy has constructive importance’ (Sen, 1999a, p. 10).

The prominent role given to democratic processes to make value judgements shifts the boundary between economics and politics. As in other areas, significant literatures on empowerment, participatory methods, deliberative democracy, political freedoms and other process freedoms interact with Sen’s writings.

**Principle pluralism**

In principle, pluralism, a welfare objective – whether that of Pareto optimality, or of social welfare maximization, or of expanding capabilities – can be coherently situated within a wider system of thought (indeed an ethical rationality) that evaluates the same state of affairs by additional principles such as efficiency, equity, sustainability, liberty, respect for human rights and situated responsibility (Sen, 2000a). In *Inequality Reexamined* Sen writes, ‘The real question is not about the kind of equality to ask for if that were the only principle to be used, but [how] in a mixed framework in which aggregative considerations as well as equality are taken into account, the demands of equality as such are best represented’ (Sen, 1992, p. 92). For example Sen’s early writings on poverty measurement drew attention to the depth of poverty and inequality among the poor (Sen, 1976, 1997). The principle to respect human rights – a classic ‘deontological’
consideration – could be, Sen showed, included in consequential analysis as ‘goal rights’ (Sen, 1982b, 2004). Similarly, other concerns – for equity, sustainability, responsibility and respect for process freedom – need to and can be incorporated into a consequential analysis.

Sen argues for the development of a form of consequential evaluation, which he describes as ‘the discipline of responsible choice based on the chooser’s evaluation of states of affairs, including consideration of all the relevant consequences viewed in light of the exact circumstances of that choice’ (Sen, 2000a, p. 477). Such a structure can, he argues, ‘systematically combine very diverse concerns, including taking responsibility for the nature of one’s actions (and related considerations that have figured prominently in the deontological literature) without neglecting other types of consequences (on which some of the narrower versions of consequential reasoning – such as utilitarianism – have tended to concentrate)’ (Sen, 2000a, p. 477). For example, cost-benefit analysis, which traditionally has employed quite a narrow set of principles, could be coherently broadened by such analysis if relevant consequences are understood to include ‘not only such things as happiness or the fulfillment of desire… but also whether certain actions have been performed or particular rights have been violated’ (Sen, 2000b, p. 936).

**Rationality and motivation**

Sen’s writings on rationality pierce two persistent assumptions regarding economic behaviour: that of exclusively self-interested motivation and that of internal consistency of choice. In the seminal paper *Rational Fools* (1977), Sen inquires how modern economic theory would fare if people were not concerned uniquely with their own self-interest narrowly defined. He defines two possibilities in which a consideration for others’ welfare might enter: sympathy and commitment.

In *sympathy*, concern for others directly affects one’s own welfare: if another person’s discomfort is reduced (e.g. the agent’s child’s distress), the agent’s own welfare is
A commitment is not motivated by one’s own-welfare considerations at all, but does affect one’s subsequent action. It may reflect various motives, such as altruism or conviction (justice, honesty, care for other species) or an urge to punish. Commitment is a counter-preferential choice, ‘destroying the crucial assumption that a chosen alternative must be better than (or at least as good as) the others for the person choosing it’ (Sen, 1982a, p. 92). Because it ‘drives a wedge between personal choice and personal welfare, and much of traditional economic theory relies on the identity of the two’ (Sen, 1982a, p. 94), commitment-based behaviour requires a reformulation of economic models.

In *Rational Fools* and subsequently, Sen argues that commitment, or intrinsically motivated behaviour, is significant enough to reformulate economic assumptions for several reasons. First, while it may be exhibited only rarely in Smithian exchange, commitment may be of considerable importance in achieving public goods (hospitals, street lights, nature reserves). Clearly some forms of commitment have direct social benefits – for example, as experienced by activists and others who pursue justice and others’ well-being regardless of the cost to themselves. Certain commitments to behavioural or moral codes (trustworthiness) are instrumentally valued, as they reduce monitoring and enforcement costs and increase outputs. Behavioural economics and economic psychology have now extensively probed and developed these and related issues. Also, people who are aware of their effective freedom to help the less well off may not only wish to do what they can to help, but may also be under some kind of ‘imperfect obligation’ to do so. Imperfect obligations are not legally formulated, but rather commend action despite being ‘inexactly specified (telling us neither who must particularly take the initiative, nor how far he should go in doing this general duty)’ (Sen, 2000a, p. 495).
Another pivotal assumption in social choice theory, demand theory, game theory, decision theory and behavioural economics is that choices are internally consistent. Internal consistency of choice is an assumption of revealed preference and many common axioms. In his presidential address to the Econometric Society, Sen raised a series of arguments as to why choices cannot be judged as consistent or inconsistent purely on internal grounds (Sen, 1993). Inconsistencies of choice may be reasonable and rational in a number of different situations, he argues. Thus, an evaluation requires information external to the choice, such as the actor’s objectives, or the values pursued by the choice. As the (misunderstanding) of people’s choices threads through many aspects of economics, Sen traces how a more accurate appreciation of people’s behaviour that draws on such external correspondences could be used in different fields.

**Justice**

No discussion of Sen’s work would be complete without acknowledging the tremendous influence of John Rawls (Rawls, 1971, 1993; Rawls and Kelly, 2001), as well as the fundamental challenge that Sen’s emerging theory of justice poses to Rawlsian and similar ‘transcendental’ theories of justice.

In developing his account, Rawls took as his focal question, ‘What is a just society?’ This is also the focal question of ‘most theories of justice in contemporary political philosophy’ (Sen, 2006, p. 216). Sen calls this a ‘transcendental approach to justice’, focusing, as it does, on identifying perfectly just societal arrangements.

Yet the real questions of injustice occur in this quite imperfect and messy world. The transcendental approach, which seeks instead to describe a perfectly just society far removed from our own, is not well suited to address these. Sen argues that this is a key weakness because
the answers that a transcendental approach to justice gives – or can give – are quite
distinct and distant from the type of concerns that engage people in discussions on
justice and injustice in the world, for example, iniquities of hunger, illiteracy, torture,
arbitrary incarceration, or medical exclusion as particular social features that need
remedying (Sen, 2006, p. 218).

This would not be too problematic if we were able to measure the shortfall of each of two
alternatives from a perfectly just situation and compare them indirectly in this way. But
justice comparisons involve comparisons of capabilities and of other spaces such as
procedural equity, and infractions are of different kinds and depths of seriousness, so, Sen
argues, transcendental clarity does not yield comparative rankings. The establishment of a
transcendental theory of justice thus is insufficient for the kinds of justice assessments we
require. As Sen puts it, ‘The fact that a person regards the Mona Lisa as the best picture
in the world, does not reveal how she would rank a Gauguin against a Van Gogh’ (Sen,
2006, p. 221).

Sen further argues that a transcendental account of a perfectly just society is not actually
necessary to make comparative justice assessments. ‘In arguing for a Picasso over a Dali
we do not need to get steamed up about identifying the perfect picture in the world which
would beat the Picassos and the Dalis and all other paintings in the world’ (Sen, 2006, p.
222). The case for pursuing transcendental theories is also weakened by the ‘extremely
demanding institutional requirements of accomplishing pristine justice’, which disable
realistic assessments of global justice (Sen, 2006, p. 226).

In contrast, Sen advocates a ‘comparative’ approach to justice. This would concentrate
on a pairwise comparison and ranking of alternative societal arrangements in terms of
justice (whether some arrangement is ‘less just’ or ‘more just’ than another). Such a
ranking would make ‘systematic room for incompleteness’ (Sen, 2006, p. 223), that
derives in part from missing information, in part from the use of plural principles without
an ‘umpire’, and in part from the fact that people will differ in their assessment of the
appropriate principles to prioritize. Utilitarians, egalitarians and libertarians, for example,
prioritize different principles, and although they should be encouraged to consider non-local views and self-critically explore their own views, in some cases all will agree on the same maximand for quite different reasons. So a maximizing yet incomplete comparative approach could still do considerable work in identifying options that are clearly inferior to others according to multiple principles or considerations, and rejecting those.

The structure of pairwise assessments of states of affairs that would constitute a framework for comparative justice is not unlike the consequential analysis and extended cost-benefit analysis that Sen advocates for assessments of social welfare.

References


