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Beyond Money

A Nobel laureate questions the connection between income and well-being.

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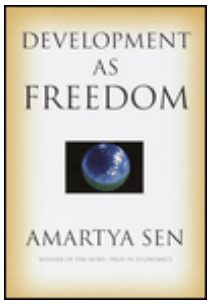

DEVELOPMENT AS FREEDOM
By Amartya Sen.
366 pp. New York:
Alfred A. Knopf. $27.50.

Amartya Sen was an odd choice for the Nobel in economic science in 1998. In a field increasingly obsessed with narrow technical virtuosity, Sen has persisted in asking big, messy questions, mixing ethics with his equations. The choice was also unusual because, unlike most Nobel laureates, he was not associated with a single grand idea -- a "killer theorem," in the language of the field -- having written across a range of topics, even disciplines. But with his new book, "Development as Freedom," Sen, who is Master of Trinity College, Cambridge, has brought together many of his ideas and put them under one theoretical umbrella.The result is a somewhat disjointed work, part collected essays, part magnum opus.

If there is an underlying theme in Sen's work -- and it takes up a few chapters here -- it is skepticism that money is the measure of all things. He has persistently posed this question: What do we mean when we say that a person or a group or a country is better off? The conventional answer -- higher incomes -- is not enough for Sen. He points out that many places with low per capita incomes, like Sri

Lanka, China and the Indian state of Kerala, have achieved higher life expectancies and literacy rates than much richer lands like Brazil, South Africa and Namibia. In fact the people of these poor countries (and there are others, like Costa Rica and Gabon) can expect to live longer than some groups in industrial countries, like American black men, who in monetary terms are much richer. Sen recognizes that in most countries higher incomes do produce improvements across most measures of the quality of life. But in looking at the exceptions he forces us to examine the connection between income and well-being, between money and happiness.

Some of the other chapters contain reprises of Sen's justly famous studies. Perhaps his best-known paper argues that democracy is crucial to the prevention of famine and points out the striking fact that there has never been a famine in a functioning multiparty democracy. Another makes vivid the neglect of women's health in Asia and North Africa by calculating the number who are "missing" -- that is, who would have lived if given the same care and attention as men; it is close to 100 million.

Another chapter, more polemical than scholarly, rejects claims made by Singapore's founding prime minister, Lee Kuan Yew, and others that development in poor countries often requires tough decisions and the ability to delay gratification, both of which generally require ignoring popular pressures. Sen observes that this analysis rests on the success of a few East Asian countries, not the full range of autocracies, many of which have proved to be disastrous at economic development. He correctly notes that more complete studies are inconclusive as to whether, on average, dictatorships outperform democracies. To put it simply, if a country gets an autocrat there's no way of ensuring that the autocrat will be Lee Kuan Yew and not Mobutu Sese Seko.

But Sen is much too dismissive of the interesting case of East Asia's "tigers." They are, after all, the only third world countries to move from poverty to near plenty -- and in one generation! It might be worth considering, for instance, that these countries adopted more free-market-oriented policies than other third world countries did, policies that were wildly unpopular until very recently. The easiest way to win an election in South Asia or Africa during the 1960's and 1970's was to brand your opponent a capitalist.

Sen lauds the East Asians for investing in human capital through health care and education because these policies not only produced growth but also improved people's quality of life. But again, in most third world countries organized political and labor groups insisted on a very different course. They demanded large-scale employment projects, often through nationalization; huge subsidies; and tariff protection for local industries. Politically powerful farmers prevented land reform and other interest groups still block cuts in

subsidies and deregulation. In Chile, for example, it was Pinochet's military government that pushed through the land reform policies of the socialist Salvador Allende. Today central planning is in disfavor and capitalism seems irresistible, so perhaps good economics also makes for good politics. But this has not always been so and may not be so in the future.

Sen's claims for democracy, however, are not really about economic performance. He argues that democratic government is an end in and of itself because it furthers human freedom. This is a powerful, well-established statement that few would disagree with. Sen places it at the center of his overall theoretical framework. But this governing idea, which takes up several chapters, has neither the originality nor the power of Sen's more specific insights.

Development, for Sen, is the process of expanding human freedom -- hence his book's title. Raising peoples' incomes is important, he says, but so is giving them political rights like the ability to choose their governments and express themselves without fear. Fair enough. But freedom for Sen goes well beyond providing people with basic political and civil rights. True freedom -- "substantive freedom" is his term -- requires "economic facilities," "social opportunities" and "protective security" -- in other words, state-funded jobs, services and income subsidies for the less successful in society.

Now this might strike many as a familiar argument for redistribution, and one that has been accepted by most industrial societies -- they all underwrite some version of the welfare system Sen seems to be advocating. The philosophical rationale for this setup was also made, comprehensively and brilliantly, almost 30 years ago by John Rawls in "A Theory of Justice." Sen believes he is different from Rawls, and more radical, but in ways that strike me as quibbles. Sen considers his theoretical innovation to be his expansive definition of substantive freedom as whatever helps human beings fully exercise their capabilities -- "or, less formally put, the freedom to achieve various lifestyles." He criticizes Rawls for giving priority to the narrower, traditional conception of liberty -- freedom from physical or mental coercion. "Why should the status of intense economic needs," Sen asks, "which can be matters of life and death, be lower than that of personal liberties?"

But Sen's is hardly an original definition. T. H. Green wrote of "true freedom," in 1881, as "the maximum power for all members of human society alike to make the best of themselves." And he was far from the first to propose this kind of broad conception of liberty. But if one seeks the redistribution of wealth or the promotion of egalitarianism or any other such value, why call it freedom? At the very least it confounds plain discourse. And at worst, it can lead to the neglect of basic liberties in the search for more extravagant ones. Philosophers like Rawls and Isaiah Berlin, hardly libertarians, give

priority to personal liberties for good historical reasons; over the centuries, governments have routinely abused them, often justifying coercion by claiming to be fulfilling some positive vision of freedom.

In awarding Sen his prize, the Swedish Academy of Sciences noted that he had "restored an ethical dimension to the discussion of vital economic problems." He has done this and more. His book is rich in insight and moral imagination. Sen raises more questions than he answers. He almost always handles thorny choices by declaring that we must balance values, even when they are, as they often are, competing. So much of his high intelligence is devoted to moving between subjects and fields -- a little public choice theory here and a little moral philosophy there -- that the book has a discursive and diffuse quality. "Development As Freedom" has neither the comprehensiveness of the best political philosophy nor the elegance of the best economics. It makes one long for a killer theorem.

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