

POVERTY AS CAPABILITY DEPRIVATION



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

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

1) Poverty can be sensibly identified in terms of capability deprivation; the approach concentrates on deprivations that are *intrinsically* important (unlike low income, which is only *instrumentally* significant).

2) There are influences on capability deprivation—and thus on real poverty—*other* than lowness of income (income is not the only instrument in generating capabilities).

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

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

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

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

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

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

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

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

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

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

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

INCOME POVERTY AND CAPABILITY POVERTY

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

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

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

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

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

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

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

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

INEQUALITY OF WHAT?

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

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

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

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

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

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

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

UNEMPLOYMENT AND CAPABILITY DEPRIVATION

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

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

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

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

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

HEALTH CARE AND MORTALITY: AMERICAN AND EUROPEAN SOCIAL ATTITUDES

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

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

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