

WIDER WORKING PAPERS

**Freedom of Choice:
Concept and Content**

Amartya Sen

WP 25

August 1987

*World Institute for Development Economics Research
of The United Nations University*

*Alfred Marshall Lecture at the annual meeting of the
European Economic Association
Copenhagen, 22 August 1987*

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FREEDOM OF CHOICE: CONCEPT AND CONTENT

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1. Freedom and Economics

The idea that freedom of choice is quite central to leading a good life is not a new one. It is, for example, very forcefully discussed by Aristotle. Given the importance of the quality of life of the members of the society in judging the success of economic policies, it is easy to see the centrality of freedom of choice to economic evaluation and assessment. It is, in a sense, more important than wealth, with which so much of economics - as a separate discipline - is concerned. "The life of money-making," as Aristotle noted, "is one undertaken under compulsion, and wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something

But what is freedom of choice? Why is it important? Is its importance intrinsic or is it also - like wealth - valuable as a means to other ends? There are different concepts of freedom and different ways of valuing it. Much of this lecture will be devoted to addressing

- + Alfred Marshall Lecture given on 22nd August, 1987, in Copenhagen at the annual meeting of the European Economic Association. I have greatly benefitted from reading the preliminary versions of Janos Kornai's Presidential Address ("Individual Freedom and Reform in the Socialist Economy") and Assar Lindbeck's Schumpeter Lecture ("Individual Freedom and Welfare State Policy") also given at the same meeting of the European Economic Association. For helpful comments and suggestions, I am also most grateful to Jean Dreze, Janos Kornai, and Siddiq Osmani.
- 1 Aristotle, The Nicomachean Ethics, Book 1, Chapter 7, and Book III, Chapters 1-5. See also his Politics, Book VII, Chapters 1-2.
- 2 Aristotle, The Nicomachean Ethics, Book I, Chapter 5. In the translation by David Ross, Aristotle, The Nicomachean Ethics (Oxford: Oxford University Press, 1980), p. 7.

these issues, and to pursuing their implications. I will also try to show the foundational as well as logistic importance of these questions for economics.

The arguments will be illustrated with particular examples chosen from pure theory as well as applied policy analysis. But the reach and relevance of the concept of freedom in economics is, in fact, far wider than what these particular examples can capture. Such basic economic notions as individual well-being, social welfare, living standard, consistent choice and rational behaviour can all be fruitfully reexamined by paying more adequate attention to the perspective of freedom. Finally, I shall also suggest that the neglect of this perspective has had a profoundly restrictive and limiting effect on the nature of our discipline.

2. Intrinsic Value versus Instrumental Role

That freedom must have instrumental importance as a means to other-ends is obvious enough. For example, what living standard we can enjoy must depend, at least partly, on how free we are to choose one bundle of commodities rather than another. No matter how we define the exact content of freedom - on this more presently - the role of freedom in helping us to achieve what we may value achieving is perspicuous, enough.

But the existence of instrumental relevance (i.e., the value of things as means to other ends) does not entail a denial of intrinsic importance as well (i.e., their value as ends on their own right). The obvious importance of the instrumental role of freedom in economic-assessment should not prevent us from considering its intrinsic worth.

Even among the champions of freedom, there are, in fact, considerable differences on this particular question. These differences do not correspond neatly to the divergences in general political inclinations of the respective economists. Milton Friedman's; emphasis contrasts with that of James Buchanan, in a similar way to the contrast between the socialist economic writings of Lange and Lerner vis-a-vis those of Karl Marx. It is fair to say that Milton

Friedman's defence of people being "free to choose" relates primarily to what he calls "the fecundity of freedom".³ Freedom, on this view, is to be defended precisely because it is so productive. This type of defence can be contrasted with an approach that emphasizes the intrinsic, non-instrumental value of freedom, and for which its instrumental role, important as it may be, is not the primary focus of attention. As James Buchanan puts it: "My argument stems from the conviction that there is no generalizable instrumental defence of democratic political procedures". Buchanan proceeds to present a "non-instrumental" normative case in favour of giving priority to liberties and democratic rights.⁴

Turning to the socialist literature, in the Lange-Lerner models of socialist pricing, individual freedoms are justified by their effects on resource allocation, and ultimately by the ability of the system to generate high real income and utility (without attaching any intrinsic value to the freedoms involved).⁵ In contrast, Karl Marx's philosophical focus includes giving a foundational role to bringing "the conditions for the free development and activity of individuals under their own control", with a vision of a liberated future society which "makes it possible for me to do one thing today and another tomorrow, to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticize after dinner, just as I have in mind, without ever becoming hunter, fisherman, shepherd or critic". Marx's defence

- 3 See, among other writings, M. Friedman and R. Friedman, Free to Choose (London: Seker & Warburg, 1980), p.3.
- 4 James M. Buchanan, Liberty, Market and the State (Brighton: Wheatsheaf Books, 1986), p. 250. To prevent a misunderstanding, let me repeat once again here that a "non-instrumental defence" of liberty or freedom does not deny its instrumental role, and Buchanan does indeed discuss powerfully elsewhere the scope and reach of that role.
- 5 O. Lange, "On the Economic Theory of Socialism", Review of Economic Studies, 4 (1936); A.P. Lerner, The Economics of Control (London: Macmillan, 1944).
- 6 K. Marx and F. Engels, The German Ideology (1845-46; republished, New York: International Publishers, 1947), p. 22.

of freedom is ultimately intrinsic, going well beyond its instrumental relevance.⁷

It is fair to say that in the general tradition of economics the instrumental role of freedom is much more prominent than its intrinsic relevance. Some basic economic notions, such as budget sets, production sets, etc. are, in fact, characterizations of opportunities, but they are typically seen as being only derivatively valued for what they help us to achieve. Consider, for example, the budget set, much used in consumer theory. It consists of the alternative commodity bundles any one of which the consumer can purchase, given his or her total income and the configuration of prices. The budget set may plausibly be seen as an expression of the substantive extent of the freedom of the consumer, but in standard economic theory, this freedom would be judged only by the value of the particular alternative chosen by the consumer from the budget set. Thus, the exact extent of freedom would not really make any difference, as long as the chosen alternative is the same. For example, a contraction of the budget set, keeping the "optimal" alternative still available, would be seen as no worsening at all from the point of view of the consumer. Indeed, even if, somehow all the alternatives other than the "optimal" one were to become unavailable, leaving the consumer with no choice, the consumer would be seen as being still exactly as well off, despite the change. This no-nonsense instrumental view of freedom is easy to understand if no intrinsic importance is attached to having choices as such.

7 Since there has developed inter alia a deeply authoritarian streak in the Marxian tradition, as practiced, it is particularly important to note the central role that the idea of freedom plays in Marx's own political philosophy. On this, see, inter alia, G.A. Cohen, Karl Marx's Theory of History: A Defence (Oxford: Clarendon Press, 1978); A.E. Buchanan, Marx on Justice (London: Methuen, 1982); J.E. Roemer, A General Theory of Exploitation and Class (Cambridge, Mass.: Harvard University Press, 1982); G.G. Brenkert, Marx's Ethics of Freedom (London: Routledge & Kegan Paul, 1983); J. Elster, Making Sense of Marx (Cambridge: Cambridge University Press, 1985); S. Lukes, Marxism and Morality (Oxford: Clarendon Press, 1985).

There is a substantial issue here as to whether this jettisoning of the intrinsic value of freedom - common in much of modern economics - is as reasonable as it is taken to be in standard theory. I shall address this question, but not just yet, since that question can only be discussed after considering the prior issue of the characterization of freedom and its content.

However, it is useful to note here a general methodological point on which some confusion seems to exist. It is sometimes argued - more often perhaps taken for granted without argument - that a change of the opportunity set (of which the budget set would be a special case) cannot involve any real change of freedom unless what is chosen by the person also changes as a result of the alteration of the opportunity set. This is, of course, a non-sequitur. It might sometimes indeed be arguable that such a change, i.e., a reduction of the freedom of choice of this type, would not affect a person's "real interest" (this is a part of the question as to whether freedom is of intrinsic value or not), but that issue is a different one from measuring the extent of freedom as such. There are distinct issues involved, calling for different diagnostic emphases, in (1) the assessment of the extent of freedom as such, (2) the importance of freedom to individual well-being, and (3) the relevance of freedom in the assessment of the social good and the Tightness of actions. These analytical distinctions must not be confounded.

It may be worth mentioning here, especially given the implicit and widespread acceptance of the purely instrumental role of freedom in modern economics, that the exclusively instrumental view was not by any means so standardly accepted in classical political economy. As John Hicks has noted, in the classical tradition established by Adam Smith and others, "the contention that economic freedom made for economic efficiency was no more than a secondary support", but "as the 19th century wore on", the importance of economic freedom as such, "the other side of the case", "which had at one time been the more important side, had been ... largely forgotten".⁸

8 J.R. Hicks, Wealth and Welfare: Collected Essays on Economic Theory, Volume 1 (Oxford: Blackwell, 1981), p. 138.

3. Freedom: Negative and Positive

There are two different ways of viewing freedom each of which has been fairly extensively explored over a long time. One approach sees freedom in "positive" terms, concentrating on what a person can choose to do or achieve, rather than on the absence of any particular type of restraint that prevents him or her from doing one thing or another. In contrast, the "negative" view of freedom focuses precisely on the absence of a class of restraints that one person may exercise over another, or indeed the state may exercise over individuals. This contrast, which has been discussed particularly by Isaiah Berlin,⁹ is quite important since the two ways of characterizing freedom may yield very different assessments. For example, if a person happens to be poor and hungry because of low real wages or unemployment, without his having been prevented (by the state or by some strong-armed individual or institution) from seeking a higher wage or finding employment, then the person's negative freedom may not have been, in any way, violated, even though his positive freedom from hunger is clearly compromised by circumstances.

It is fair to say that in traditional economic theory, insofar as freedom comes in at all, it is the negative perspective of freedom that tends to be the dominant one. Alfred Marshall, after whom this lecture is named, identified "economic freedom" with "freedom of industry and enterprise". Some have, indeed, argued that the positive notion of freedom is essentially something of a confusion, since freedom is quitesentially concerned with the absence of restraint and interference by others, including the state. While this view is often expressed, it is a somewhat odd claim, since the positive characterization of freedom is not only coherent, it also corresponds closely to a person being actually free to choose. It is not, contrary to some claims, a "modern" distortion of the idea of freedom, and it can be seen not only in many eighteenth and nineteenth century writings, but also in many earlier contributions, e.g., in

9 I. Berlin, Four Essays on Liberty (Oxford: Clarendon Press, 1969) .

10 A. Marshall, Principles of Economics (London: Macmillan, 1890; eighth edition, reset and reprinted, 1949), p. 8.

Aristotle's analysis of the role of freedom of choice in Politics and in Nicomachean Ethics.

It is possible that the difference may partly be one of terminology only. Even if, for some reason, the term freedom were not to be applied to the positive characterization of what people can in fact do or be, it is possible nevertheless to argue that those positive features may well be of importance. For example, when discussing the case of an "ordinary citizen ... not being able to buy an object which he does not have money enough to pay for", Frank Knight remarks that it is "a clear misuse of words" to describe this "as a deprivation of freedom". He prefers to describe it as "a deprivation of power".¹¹ Yet elsewhere - not inconsistently with this view regarding the definition of freedom - Knight chastises utilitarians for overlooking "the fact that freedom to perform an act is meaningless unless the subject is in possession of the requisite means of action, and that the practical question is one of power rather than of formal freedom".¹² It can, thus, be argued that substantively it may not matter precisely how freedom is defined, so long as the importance that the positive characterization of freedom deserves to have is attached to whatever alternative term - in Knight's case "power" - is used to refer to the same thing.

This non-semantic view is sensible enough, but it can also be argued that some of the appeal of the idea of "freedom" undoubtedly arises from the belief that it would reflect what a person is actually free to do (rather than what restraints are imposed on him or her). It may not be, thus, entirely fair to define freedom in a particularly narrow and negative way, but - at the same time - to draw on the wide appeal that the notion in its broader sense enjoys. I shall not pursue this issue further here, but nor will I restrict the term freedom only to the negative conception. The more important issue centers on the assessment of the adequacy of the negative perspective of freedom. This is taken up next.

11 F.H. Knight, Freedom and Reform: Essays in Economics and Social Philosophy (New York: Harper, 1947; reprinted, Indianapolis: Liberty Press, 1982), p. 15.

12 Knight, Freedom and Reform (1982), p. 7.

4. Negative Freedom and Its Positive Implications

The negative view of freedom has been championed in a number of deontological approaches. One of the most elegant, powerful and influential of such approaches is Robert Nozick's "entitlement theory" of justice involving the requirement to obey certain "constraints" against interference. The theory proceeds from the starting point that "individuals have rights, and there are things that no person or group may do to them (without violating their rights)".¹³ These rights include rights of "ownership and transfer" (admitting inter alia exchange and bequeathing), and these are essentially requirements of negative freedom, including immunity from interference by others in the "legitimate" use of one's ownership holdings.¹⁴

There is some internal tension in this formulation of negative freedom when the requirements take the form only of non-interference by others, but do not require anything positive to be done in defence of negative freedom when they are threatened with violation. Even if we are concerned only with negative freedom (for example, that people should not be prevented by others from doing what they have a right to do), there may well be need for positive action in defence of such negative freedom when under attack. The constraint view of negative freedom ignores these positive connections, which may be important in societies with imperfect compliance of rules (i.e., in pretty much all societies!).¹⁵

13 R. Nozick, Anarchy, State and Utopia (Oxford: Blackwell), p. ix.

14 On the classification of different types of rights ("immunity", "claims", etc) in terms of interpersonal relations, see S. Kanger, New Foundations for Ethical Theory, Part 1 (Stockholm, 1957), and "Law and Logic", Theoria, 38 (1972). Also L. Lindahl, Position and Change (Dordrecht: Reidel, 1977).

15 On this see my "A Positive Concept of Negative Freedom", in E. Morscher and R. Stranzinger, eds., Ethics: Foundations, Problems and Applications, Proceedings of the 5th International Wittgenstein Symposium (Vienna: Holder-Tichler-Tempsky, 1981); and "Rights and Agency", Philosophy and Public Affairs, 11 (1982).

This internal tension can be avoided if the value of the fulfilment of negative freedoms and disvalue of their violations are incorporated in a consequence-sensitive system of ethical evaluation, so that the importance of preserving negative freedoms is well reflected in the evaluation of actions and the decision regarding what is to be done. This move away from the constraint view of negative freedom may go against seeing negative freedom only in terms of non-interference, but the internal tension in that constraint-based perspective leaves one with little option if negative freedom is to be seen as valuable and worth defending. This extension is particularly relevant to many economic problems, especially since the choice of institutional structures can be quite important in defending negative freedoms, rather than treating the requirements of negative freedoms purely as constraints on personal behaviour.

5. Negative Freedom: Critique of Exclusive Reliance

Aside from this problem of internal tension, which may be resolved by embedding the value of negative freedom in a consequential structure, there are criticisms that can be made of the adequacy of the perspective of negative freedom altogether, on grounds of what it leaves out of account. Preventing violations of negative freedom by others can coexist with terrible hardships and miseries in the lives of those who happen to lack what Frank Knight called "power".

Indeed, it is easily shown that even terrible famines are entirely consistent with a fully operative and fully complied entitlement system of negative rights of the kind outlined and defended by Robert Nozick. The explanation of famines in the modern world has much to do with inadequacies of legal entitlements - given by ownership rights and exchange possibilities - of vulnerable occupation groups, and these legal entitlements closely parallel Nozick's ethical system of entitlements. Many of the major famines in the modern world have taken

16 See my "Rights and Agency" (1982); "Rights and Capabilities", in my Resources, Values and Development (Oxford: Blackwell and Cambridge, Mass.: Harvard University Press, 1984); and On Ethics and Economics (Oxford: Blackwell, 1987).

place in situations of relatively good and undiminished food availability - sometimes even peak food availability - with particular occupation groups (such as landless rural labourers, pastoralists, fishermen) being driven to the wall because of the collapse of their entitlements, despite guaranteed negative freedoms.¹⁷ There is something totally inadequate in focusing on negative freedom only, and there is clearly a case for paying attention to the overall freedoms, i.e., a person being able to do this or be that (such as being well nourished, avoiding escapable morbidity and mortality, being able to move about freely, and so on).

To value positive freedom does not, of course, entail that no special attention be paid to negative freedom as such. It can indeed be argued that the deliberate violation of one person's freedom by another is something that is especially obnoxious, and this special disvalue may call for particular attention being paid to violations of negative freedom even when the overall positive freedoms are much the same. Recognizing the importance of positive freedoms does not eliminate the case for treating negative freedom as important on its own right, in addition to what it contributes to overall, positive freedoms.

6. Freedoms and Capabilities

The problem of the appropriate way of characterizing positive freedom is a difficult one. One issue concerns the space in which freedoms are to be judged. The traditional view of economic advantage tends to concentrate on real income and the bundle of commodities per head. In this space, the consideration of freedom would point to the set of alternative commodity bundles over which a person can establish command. This is, of course, the familiar budget set again, but it can be reinterpreted, in the present context, as being valuable in itself (and not merely as a means to achieving as good a commodity bundle as possible). The real income theory, when interpreted in terms of the contribution of real income to positive freedom, also points in the direction of sets of commodity bundles.

17 On this, see my Poverty and Famines: An Essay on Entitlement and Deprivation (Oxford: Clarendon Press, 1981).

If peoples' advantages could be judged by the opulence of their commodity commands, then this commodity-centred view would be just right. This perspective has indeed been fruitfully used in the theory of "fairness" (based on the test that no-one "envies" the commodity bundle of another), explored by such authors as Foley, Kolm, Feldman and Kirman, Varian, Suzumura, and others. It has also been used to assess the extent of "economic inequality" in terms of comparisons of commands over commodity bundles, e.g., by Archibald and Donaldson.¹⁹

One limitation of judging freedom in this way lies in the fact that there can be enormous interpersonal variations in the conversion of incomes into the actual ability of a person to do this or that. For example, a person with a high metabolic rate, or a larger body size, may need more food - and therefore more income - to achieve the same level of nutritional well-being. Commodity command can, therefore, be a defective guide to a person's actual freedom to lead one kind of a life rather than another. If positive freedom is to be seen in terms of the actual ability of a person to achieve valuable functionings, then we have to go beyond the commodity space.

An alternative approach - in many ways more promising than incomes - focuses on what John Rawls calls the "primary goods". Rawls uses this explicitly in the formulation of his "Difference Principle". The primary goods are "things it is supposed a rational man wants whatever else he wants", and includes such things as "the basic liberties", "freedom of movement and choice of occupation", "powers and

18 See, among other contributions, D. Foley, "Resource Allocation in the Public Sector", Yale Economic Essays, 7 (1967), S.Ch. Kolm, "The Optimum Production of Social Justice", in J. Margolis and H. Guitton, eds., Public Economics, (London: Macmillan, 1969); A. Feldman and A. Kirman, "Fairness and Envy", American Economic Review, 64 (1974); H. Varian, "Distributive Justice, Welfare Economics and the Theory of Fairness", Philosophy and Public Affairs, 4 (1975); K. Suzumura, Rational Choice, Collective Decisions and Social Welfare, (Cambridge: Cambridge University Press, 1983).

19 G.C. Archibald, and D. Donaldson, "Notes on Economic Inequality", Journal of Public Economics, 12 (1979).

prerogatives of office and positions of responsibility", "income and wealth", and "the social bases of self-respect".²⁰

The focus on primary goods has an advantage arising from the fact that a person's actual freedom to lead a life does indeed depend fairly crucially on his or her holding of primary goods, and the index of primary goods can, to that extent, be seen as an index of freedom. Rawls has been particularly cogent and persuasive in pointing out that primary goods are the means to various possible ends that a person may pursue. And being more affluent in terms of primary goods is, in this sense, pro tanto, an enhancement of personal freedom. What the person does with his freedom is, of course, the person's own business - the primary goods only support the freedom to choose - and the Rawlsian perspective accepts the responsibility of each person for his or her own ends. In this interpretation, freedom of choice is no longer seen only in negative terms, nor seen in terms of commodity holdings only (as in the approaches underlying "real income" measures, or the criteria of "fairness").

However, here again a problem may arise from the fact that a person's ability to convert primary goods into various things he or she may wish to achieve depends on circumstances which are not fully characterized by the primary goods themselves. For example, a person with a higher metabolic rate or larger body size may be more opulent and may appear to have relatively more freedom in the space of primary goods (including income and wealth), but may nevertheless fall behind others in the space of functionings (e.g., in terms of being well-nourished) and in the capability to function.

The index of primary goods fails to reflect disadvantages of persons who have more needs and who have greater difficulty in

20 J. Rawls, A Theory of Justice (Oxford: Clarendon Press, and Cambridge, Mass.: Harvard University Press, 1971), pp. 60-5; also his "Social Unity and Primary Goods", in A. Sen and B. Williams, eds., Utilitarianism and Beyond (Cambridge: Cambridge University Press, 1982), p. 162.

converting primary goods into achievements. Even the "social basis of self-respect" may not be an adequate guide to the actual freedom to achieve self-respect, since there are other influences in the realization of self-respect, such as physical and mental endowments. Rawls has been increasingly more responsive to these critical issues,²² even though in A Theory of Justice he seemed to be somewhat inclined to downplay the importance of these interpersonal variations by treating them as special cases, needing attention only when the basic contours of the theory have been, in other respects, well developed. The interpersonal variations, even when they are exceptional, may call for urgent attention, since they may relate to especially important problems, e.g., the freedom of the disabled people to move about freely and to take part in the life of the community. No less importantly, there are widespread and ubiquitous variations in our ability to convert primary goods into functionings and well-beings.²³ For example, the ability to be well nourished varies pervasively with metabolic rates and body size, and also sex, pregnancy, climatic conditions, and other parameters which are different for different persons. Similarly, as Adam Smith had noted, the ability to appear in public without shame may require different extents of affluence in clothing in different societies.²⁴ Absolute deprivation in the space of functioning may be a function of relative

- 21 On this see my "Equality of What?" in S. McMurrin, ed, Tanner Lectures on Human Values, vol. I (Cambridge: Cambridge University Press, 1980), reprinted in my Choice, Welfare and Measurement (Oxford: Blackwell, and Cambridge, MA.: MIT Press, 1982). Also my "Well-being, Agency and Freedom: The Dewey Lectures in 1984", Journal of Philosophy, 82 (1985).
- 22 See particularly Rawls's "Social Unity and Primary Goods", in Sen and Williams, Utilitarianism and Beyond (1982), pp. 167-9. Rawls discusses the problem more extensively in his unpublished notes presented at Oxford in Trinity Term, 1986.
- 23 It must, however, be noted that Rawls is not concerned with assessing freedom only, but primarily with the best social arrangements for justice, and Rawls's claim that the issue of primary goods serves this purpose well (in his Difference Principle) might be, quite possibly, sustainable (I don't discuss that claim here), even if it is agreed that indexing the holding of primary goods is not a good way of assessing freedom as such.
- 24 Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations (1776; Oxford: Clarendon Press).

deprivation in the space of commodities, incomes and primary goods. A person's absolute capabilities to do this or be that may relate closely to a person's relative position vis-a-vis what others in the society possess and use. A Theory of freedom has to come to grips with the enormous heterogeneity of human beings in terms of personal, social and natural characteristics.²⁶

The crucial issue in identifying the nature of "freedom of choice" relates to the question: Choice of what? The traditional approaches seem to concentrate on choices over commodity bundles. The Rawlsian approach provides inter alia another view of freedom of choice, related to holdings of primary goods. But primary goods as well as commodities and incomes are means to ends. If the positive conception of freedom is to reflect our ability to achieve valuable functionings and well-being, then there is clearly a case for viewing this freedom in terms of alternative bundles of functionings that a person may be able to achieve.

I have discussed this general approach elsewhere, and will not pursue it further here. This perspective requires us to broaden the conceptual structure of modern consumer theory. In standard consumer theory, as reshaped by Gorman, Lancaster, and others, commodities can be related to their characteristics, e.g., the commodity bicycle has

- 25 On this see my "Poor, Relatively Speaking", Oxford Economic Papers, 1983; reprinted in Resources, Values and Development (1984). The selection of space in terms of which "freedom of choice" is defined has far-reaching relevance to the assessment of poverty.
- 26 In terms of inter-state comparisons in India, Kerala has one of the lowest levels of income and calorie intake per head, but by far the highest longevity rates. The difference is undoubtedly influenced by more active and better planned public intervention in Kerala, but natural and climatic factors may also have a role in this contrast.
- 27 See my Commodities and Capabilities (Amsterdam: North-Holland, 195), and "Well-being, Agency and Freedom: The Dewey Lectures 1984", Journal of Philosophy, 82 (April 1985).

inter alia the characteristic of being a means of transport. However, two persons possessing identical bicycles may have very different ability to move about, if one happens to be disabled and the other not.

The difference between the two does not lie just in their respective utilities. Of course, the person who is less able to move about may also have less utility, but utility depends on other things as well, and may be particularly gross in measuring the actual functioning achievements of the respective persons. If a disabled person, physically crippled, happens to be contented - through resignation or by coming to terms with his disability - and takes pleasure in small mercies, then in the space of utilities (i.e., happiness, or desire fulfilment, or choice), his deprivation (in the form of not being able to move about freely) will not be adequately reflected in the metric of utility. So neither commodity holdings, nor commodity characteristics, nor primary goods, nor utilities (in any of its interpretations: happiness, desire-fulfilment, choice), may be able to reflect his lack of freedom to choose various functionings (e.g., the freedom to move about effectively).

The freedom to choose between alternative functioning bundles reflects a person's "advantage" - his or her "capability" to function. The diverse capabilities to function will, of course, have to be weighted to get an aggregate measure of capability, and the problem of relative weighting is inescapably evaluational. But there is no real

28 The characteristics approach has been developed by W.M. Gorman, "The Demand for Related Goods", Journal Paper J3129 (Ames: Iowa Experimental Station, 1956); K.J. Lancaster, Consumer Demand: A New Approach (New York: Columbia University Press, 1971). See also A. Deaton and J. Muellbauer, Economics and Consumer Behaviour (Cambridge: Cambridge University Press, 1980).

way of escaping this problem of assessment, including the valuation of the set of alternatives from which a person can choose.²⁹

7. Intervention and Freedom

In this conference both Janos Kornai, in his Presidential Address, and Assar Lindbeck, in his Schumpeter Lecture, have illuminatingly explored some important aspects of freedom, including its relevance to socialist reform and its use and abuse in welfare-state policies.³⁰ Their analyses are partly theoretical, and partly empirical, based on circumstances in socialist and advanced capitalist economies. I shall choose my empirical illustrations principally from the experience of developing economies, even though the main points are fairly general.

Focusing on freedom may have quite profound implications for the choice of policy and the evaluation of achievements in developing countries. It is important to see positive freedom in the right space - not commodities and incomes, but functionings and capabilities. If the focus of our assessment is not the standard one of opulence or real income (such as GNP per head), but - say - the freedom to live long, the ordering of achievement of different countries changes quite radically.

For example, Table 1 presents the relative positions of five developing countries, viz., South Africa, Mexico, Brazil, Sri Lanka and China. South Africa with about seven times the GNP per head of Sri Lanka and China offers substantially lower freedom to live long than the two poorer countries, viz., life expectancy at birth of 54 years as opposed to China's 69 and Sri Lanka's 70 years. We get a very different view of economic development when the attention is shifted

29 On the evaluational and measurement problems, see my Commodities and Capability. Also Sen et al, The Standard of Living, (Cambridge: Cambridge University Press, 1987), including papers by K. Hart, G. Hawthorn, R. Kanbur, J. Muellbauer, and B. Williams.

30 Kornai, "Individual Freedom and Reform in the Socialist Economy" (1987); Lindbeck, "Individual Freedom and Welfare State Policy" (1987), cited earlier.

Table 1

AVERAGE OPULENCE AND LIFE EXPECTANCY
Selected Inter-country Comparisons

<u>Country</u>	GNP per head 1984 (dollars)	Expectation of life birth 1984 (years)
South Africa	2,340	54
Mexico	2,040	66
Brazil	1,720	64
Sri Lanka	360	70
China	310	69

Source: World Development Report 1986, Table 1

from real income, opulence and commodity holdings to the freedom to lead a long life. While the life expectancy data are measures of achievement, rather than of freedom as such, they are nevertheless substantially related to freedom as well, because the option to live longer is typically grabbed by each individual.³¹ While the length of life expectancy can be seen as a measure of achievement, it also is an indicator of positive freedom to achieve a valuable functioning, i.e., to avoid premature death - a momentous capability.

The choice of Sri Lanka and China was not, of course, accidental, since both these countries have been able to enhance the length and quality of life quite substantially largely through public policy. The policies in question have had a good deal to do with the public distribution of food, medical attention and health care.³²

The heavy burden of public provision - in term both of costs and incentive effects - has been a matter of widespread concern in recent years in West Europe, and Assar Lindbeck in his paper has investigated the respects in which the extant forms of public intervention may have become dysfunctional and counterproductive.³³ This is indeed an important line of investigation. At the same time it is also worth acknowledging, as Lindbeck himself notes, that a great deal of the achievement in enhancing freedom that has occurred in Europe over this

31 There is also an asymmetry between the ability to live and the ability to die in the sense that a person does ultimately have the option of ending his or her life at any chosen point (through suicide), but not necessarily to beat fatal illnesses and to defy death.

32 Amartya Sen, "Public Action and the Quality of Life in Developing Countries", Oxford Bulletin of Economics and Statistics, 43 (1981); Paul Streeten, et. al., First Things First: Meeting Basic Needs in Developing Countries (New York: Oxford University Press, 1981); G.B. Halstead, et.al., Good Health at Low Cost (New York: Rockefeller Foundation, 1985); Frances Stewart, Planning to Meet Basic Needs (London: Macmillan, 1985); John C. Caldwell, "Routes to Low Mortality in Poor Countries", Population and Development Review, 12 (1986).

33 Lindbeck, "Individual Freedom and Welfare State Policy", cited earlier, 1987.

century owes much to well-devised programmes of public delivery of basic essentials needed for living long and living well. This record is particularly relevant for development policy.

The historical experiences of the richer, developed countries in enhancing living standards, give much evidence of the effectiveness of public distribution systems in the enhancement of life expectancy. To take one example, consider Table 2, which presents the expansions of life expectancy at birth in England and Wales in each decade during the period 1901 to 1960. There is, of course, a steady extension of life expectancy throughout these six decades, but the two periods of exceptionally rapid growth are respectively in the decades between 1911 and 1921, and between 1941 and 1951. In other decades life expectancy grew by one to four years, but in these decades by as much as six or seven years. It is interesting to ask whether something rather good happened in those two decades. The immediate thought, however, is that something rather bad did occur in these periods, viz., the First World War and the Second World War, respectively. But along with the hardship of war came the more planned distribution systems of basic essentials, including food, health care and medical attention (given the anxiety of the government to keep the population well fed and fit). The result was an actual improvement in nutrition and health. J.M. Winter has discussed the role that these public distribution systems have played in the enhancement of life expectancy during the First World War.³⁴ A similar explanation would seem to hold for the Second World War as well, especially with the introduction of extensive rationing systems and public distributions of food, and of course the National Health Service.

The genesis of the high life expectancy of Sri Lanka has been a matter of some disputation in recent years. The emphasis put in Sri Lanka on the public distribution of food and on health delivery had

34 J.M. Winter, The Great War and the British People (London: Macmillan, 1986). See also his "Public Health and the Extension of Life Expectancy in England and Wales, 1901-60", mimeographed, Pembroke College, Cambridge, 1985.

Table 2

EXTENSION OF LIFE EXPECTANCY AT BIRTH:
England and Wales, 1901-60
(additional years)

Between	Men	Women
1901 & 1911	4.1	4.0
1911 & 1921	6.6	6.5
1921 & 1931	2.3	2.4
1931 & 1941	1.2	1.5
1941 & 1951	6.5	7.0
1951 & 1960	2.4	3.2

Source: S. Preston, N. Keyfitz, and R. Schoen, Causes of Death: Life Tables for National Populations (New York, 1972). See also J.M. Winter, The Great War and the British People (London: Macmillan, 1986).

been traditionally thought to be an important causal influence in this achievement. That deduction is partly based on cross-sectional comparisons of different countries.³⁵ This view has been disputed in recent years, notably by Bhalla and Glewwe. By looking at Sri Lanka's comparative performance vis-a-vis other countries in enhancing living standards in the two decades following 1960, they have concluded that her performance has not been exceptional. There are, however, some serious technical shortcomings in this analysis, as has been discussed, among others, by Pyatt, Isenman, Anand and Kanbur, Basu, and Ravallion.³⁷

Aside from technical problems, there is also the more elementary question as to whether the period since 1960 is the appropriate one to look at in search for exceptional performance of Sri Lanka. The radical departures in the public distribution system in Sri Lanka took place a good deal earlier. The educational system had been enhanced many decades ago, and the medical system was radically expanded during the 1940s, partly to tackle malaria, but also for other objectives. A system of free or subsidised distribution of food to all was introduced also during the 1940s. In Table 3 changes in the food

35 See P. Isenman, "Basic Needs: The Case of Sri Lanka", World Development 8 (1980); also my "Public Action and the Quality of Life in Developing Countries" (1981), cited earlier.

36 See S.S. Bhalla, "Is Sri Lanka an Exception: A Comparative Study of Living Standards", in T.N. Srinivasan and Pranab Bardhan, eds., Rural Poverty in South Asia (New York: Columbia University Press, forthcoming); S.S. Bhalla and P. Glewwe, "Growth and Equity in Developing Countries: A Reinterpretation of the Sri Lankan Experience", World Bank Economic Review, 1 (September 1986).

37 See G. Pyatt and P. Isenman, "Comments on 'Growth and Equity in Developing Countries: A Reinterpretation of the Sri Lankan Experience' by Bhalla and Glewwe", World Bank Economic Review, 1 (May 1987); P. Glewwe and S. Bhalla, "Response", The World Bank Economic Review, 1 (May 1987); Sudhir Anand and Ravi Kanbur, "Public Policy and Basic Needs Provision: Intervention and Achievement in Sri Lanka", WIDER Conference paper, 1987; Kaushik Basu, "Combating Chronic Poverty and Hunger in South Asia" WIDER Conference Paper, forthcoming in J. Dreze and A. Sen, eds., Hunger: Economics and Policy (Oxford: Clarendon Press, forthcoming); M. Ravallion, "Growth and Equity in Sri Lanka: A Comment", mimeographed, Australian National University, 1987. A critique of Bhalla's analysis is to be found also in my response to Bhalla's paper in Srinivasan and Bardhan, Rural Poverty in South Asia.

Table 3

FOOD, HEALTH SERVICES AND MORTALITY IN SRI LANKA

1930-80

Year	Public distribution of free or subsidized food	Number of doctors, nurses, and asst. medical practitioners <u>per million people</u>	Death rate per thousand
1930	No	258 (100)	25.5
1940	No	271 (105)	20.6
	(Introduced 1942)		
1950	Yes	357 (138)	12.6
1960	Yes	557 (216)	8.6
1970	Yes	693 (269)	7.5
	(Reduced 1972, 1979)		
1980	Yes	664 (257)	6.1

Source: P. Alailima, "Evolution of Government Policies and Expenditure on Social Welfare in Sri Lanka during the 20th Century," mimeographed, Colombo, 1985, Tables 1, 3 and 7.

subsidy arrangements, and also in the numbers of medical practitioners, are presented, along with death rates per thousand. The exceptional period of mortality reduction in Sri Lanka is, in fact, the 1940s, with the death rate falling from 20.6 to 12.6 per thousand. By 1960 there was a further fall of four percentage points, reducing the death rate to 8.6 per thousand - a level not far from that of the richer developed countries. These figures have not dropped very much further since 1960, but there was relatively little scope for that to happen. Some of the countries with which Sri Lanka has been compared (to debunk its comparative record) did have much greater room for further death rate reduction, since their death rates were typically much higher in 1960.

As it happens, the reduction in Sri Lanka's death rate occurring in the two decades preceding the one looked at by Bhalla and Glewwe is also temporally congruent with radical expansions in public distribution systems of food and health care. In contrast, there has been an actual reduction in the number of medical practitioners between 1970 and 1980, and also a reduction in the food subsidy programme.³⁸ The slowing down of the reduction of death rate, if it reflects anything other than the fact that the death rate was, by then, already rather low, does not show the counterproductive nature of public intervention, since the extent of public intervention has also been declining in this period. If the intention is to check the performance of Sri Lanka in enhancing the freedom to live long through public distribution of food and health care, the period of attention has to be earlier than where Bhalla and Glewwe begin their analyses.

Turning now to China, its experience in enhancing longevity has had the remarkable feature of raising the expectation of life at birth from the low 40s in the mid-fifties to a figure near 70 years now.

38 See Alailima, "Evolution of Government Policies and Expenditure on Social Welfare in Sri Lanka during the 20th century", mimeographed, Colombo, 1985.

39 For a more comprehensive intertemporal account, see Anand and Kanbur, "Public Policy and Basic Needs Provision: Intervention and Achievement in Sri Lanka" (1987).

Much of this expansion had taken place prior to 1979, i.e., prior to the economic reform which has led to such a rapid expansion of agricultural output generally and food production in particular. In fact, the life expectancy at birth in China had gone up quite radically with comparatively little expansion of food availability per head.⁴⁰

One feature connected with life expectancy and the positive freedom to live long, concerns the elimination of famine threats. This seems to have happened quite firmly in India, where there has been no famine since Independence in 1947 (the last famine was in 1943, in which 3 million people died). This achievement has often been attributed to India's ability to raise its food output per head, in contrast with Africa. That description is not, however, quite correct. In fact food output per head in India has gone up very slowly indeed, less than half a per cent per year, and more importantly, even now food availability per head in India is not clearly higher than that of the average sub-Saharan economy. In Table 4 the daily calorie supplies per head in India are compared with those in the sub-Saharan countries, and it would appear that India's position is somewhere right in the middle. Interestingly enough several of the countries better supplied than India in terms of food availability per head, e.g., Ethiopia, Sudan, Sahel countries like Mauritania and Niger, have experienced famines in recent years.

India's ability to deal with famine threats has been connected with government intervention also, especially early public action before the threatened famine could develop. There have, in fact, been several famine threats in different parts of India since Independence, involving loss of normal entitlements of large occupation groups affecting many millions of people and reductions also in food production and availability far higher than those in, say, the Sahel

40 See Carl Riskin, "Feeding China: The Experience since 1949", WIDER Conference paper, to be published in Dreze and Sen, eds., Hunger: Economics and Policy, forthcoming. See also his China's Political Economy: the Quest for Development since 1949 (Oxford: Clarendon Press, 1987).

Table 4

COMPARATIVE FOOD AVAILABILITY PER HEAD 1983

INDIA AND SUB-SAHARAN AFRICA

<u>Country</u>	<u>Daily calory supply</u> <u>per head</u>
<u>Less than India</u>	
Ghana	1,516
Mali	1,597
Chad	1,620
Mozambique	1,668
Benin	1,907
Kenya	1,919
Zambia	1,929
Guinea	1,939
Zimbabwe	1,956
Burkina Faso	2,014
Nigeria	2,022
Cameroon	2,031
Angola	2,041
Central African Republic	2,048
Somalia	2,063
Sierra Leone	2,082
<u>India</u>	<u>2,115</u>
<u>More than India</u>	
Sudan	2,122
Zaire	2,136
Botswana	2,152
Togo	2,156
Ethiopia	2,162
Malawi	2,200
Mauritania	2,252
Niger	2,271
Tanzania	2,271
Rwanda	2,276
Uganda	2,351
Liberia	2,367
Lesotho	2,376
Burundi	2,378
Congo	2,425
Senegal	2,436
Ivory Coast	2,576

Source: World Development Report 1986, Table 28.

countries, or in Ethiopia, in their worst years, as Jean Dreze has shown.⁴¹ But the threatened famines have not occurred largely because of extensive use public employment for wages, often using cash wages to regenerate the freedom to purchase commodities in the market.

Underlying the guarantee of positive freedom against starvation and premature mortality, organized through public support, there is another issue that relates to civil liberties and political freedom, particularly the freedom of expression, the power of journalism, and the role of opposition parties in the plural democracy of India. The part that the Press has played in India in bringing to light early reports of starvation (an active Press is perhaps the best "early warning system" against famines that any developing country can have) and the role of the Press as well as opposition parties in forcing the hands of the government to act, have been discussed elsewhere.⁴² This also brings us back to the instrumental role of freedom, including negative freedom. Journalistic liberty and permissibility of open political opposition may contribute greatly to enhancing positive freedom to avoid escapable morbidity and mortality, related to food shortage and threatening famines. Africa has been, on the whole, less lucky in terms of active journalism, and also less plural in terms of political organization, and many African governments have been able to survive open starvation and famine without feeling deeply threatened by political criticism. It is, however, difficult to make such comparisons on the basis of a few dimensions of the contrast, since there are many other factors that may also have been influential.

The contrast between India and China is also an important one to concentrate on. The mechanism through which India has avoided famines,

41 See J. Dreze, "Famine Prevention in India", WIDER Conference paper, to be published in Dreze and Sen, eds., Hunger: Economics and Policy, forthcoming.

42 I have discussed these issues in "Development: Which Way Now?", Economic Journal, 93 (December 1983), reprinted in my Resources, Values and Development (1984). See also N. Ram, "An Independent Press and Anti-Hunger Strategies", WIDER Conference paper, 1987, to be published in Dreze and Sen, eds, Hunger: Economics and Policy, forthcoming.

which has involved the role of the Press and the opposition parties, has not had quite that role in China. In fact, when in 1958-61 there was a disastrous food situation in China (following the failure of the Great Leap Forward), the docility of the controlled Press was particularly striking, and it is only now - with a change in regime - that we begin to see some analysis of what went wrong in that period.

The famine raged on in China for more than three years, and the mortality estimates vary between about 16 million and 30 million extra deaths associated with the famine.⁴³ This aspect of the contrast happens to be rather favourable to India. The instrumental role of freedom in journalism and politics does indeed make it hard for any Indian government to ignore the force of that criticism (and the threat of electoral defeat), if there is open starvation in the country, reported graphically in newspapers and energetically seized by opposition spokesmen.

This instrumental consideration is, of course, over and above any intrinsic importance that may be attached to political freedom and liberty. Whether such freedoms have much content in situations of poverty has often been doubted, but there is plenty of evidence - not least in the defeat of Indira Gandhi's government in the Indian elections called to legitimize the Emergency Rule - that even the poorest are not unconcerned with issues of basic political freedom. The fact that political openness and civil liberties also have instrumental use - even in preventing famines and starvation - gives that concern an additional dimension, but a comparison of China's and India's achievements cannot overlook the importance that may be directly attached to elementary political liberties including the freedom of expression, in general, and that of journalism, in particular.

On the other hand, the Chinese system of extensive public distribution of food and health care - when not disrupted by political

43 See B. Ashton, K. Hill, A. Piazza and R. Zeitz, "Famine in China, 1958-61", *Population and Development Review*, 10 (1984).

crisis - has certainly paid rich dividend in reducing the average mortality figures in China. I has also enhanced definitively the Chinese life expectancy at birth. The Indian programmes of public distribution have been more limited in range (e.g., food provisioning confined to urban areas, except in Kerala), and also in time (e.g., support of purchasing power confined to periods of emergency relief from droughts, floods, etc.). Basic health facilities also remain rudimentary in India compared with China.

In Table 5, the famine deaths in China (between 16.5 and 29.5 million people) are contrasted with the higher average mortality in India than in China. In fact, if India had the Chinese death rates with the Indian population size, there would have been something like 3.3 million less deaths in India in 1981). The lives that China lost during the famine years - even the biggest famine in the world in this century - are far outnumbered by the lives India may be losing gradually over the years. At an extra 3.3 million deaths per year in India, more people lose their lives every nine years through greater normal mortality than the number of people who lost their lives in China through catastrophic famine mortality. The contrasting roles of different types of freedoms in these two contexts are particularly important to study.

The comparison of China's and India's experiences in mortality and life expectancy are graphically presented in Chart 1. It will be seen how the life expectancy rate in China has gone up fairly steadily and fast until the recent years, whereas the Indian rise in life expectancy has been much more moderate. On the other hand, there is an enormous dip in life expectancy in the famine period in China, and there is no corresponding decline in India at any time since Independence.

One of the interesting problems to study is the lesser success of the Indian free Press and plural political structure in generating sufficient pressure on the government to eliminate chronic undernourishment. The instrumental role of the Press in this respect seems to be rather limited, and there is little effective pressure

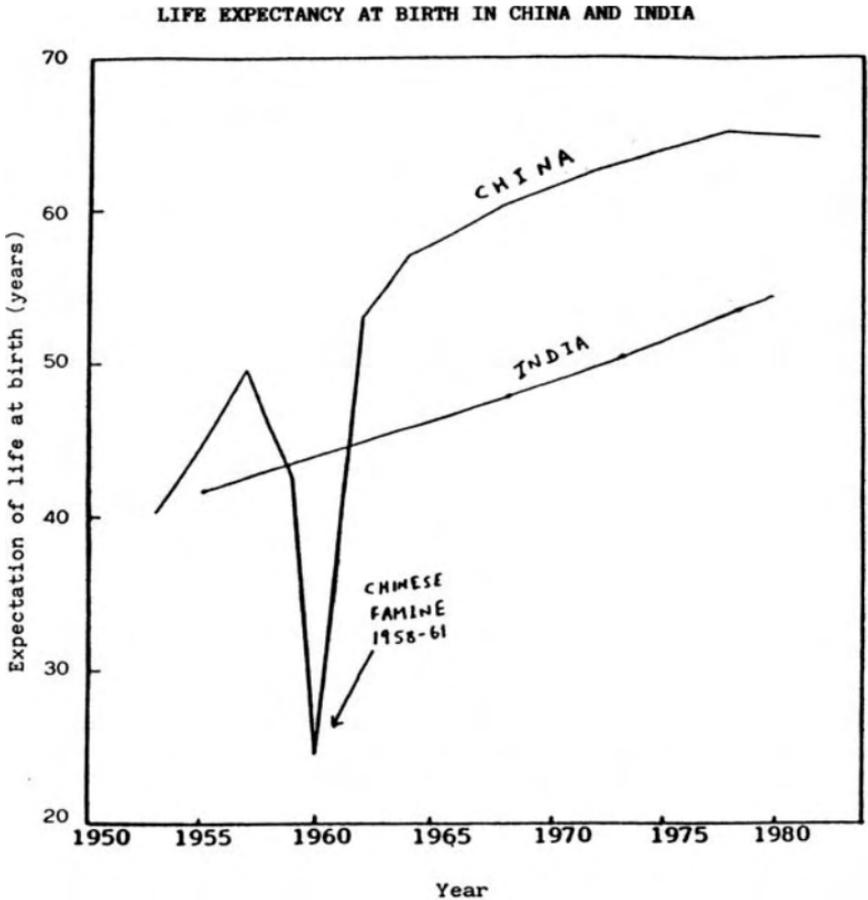
Table 5

CHINA AND INDIA: COMPARATIVE PERSPECTIVES

	China	India
GNP per head 1984 (\$)	310	260
Average calorie consumption 1983 (percentage of "requirement")	111	96
Life expectancy at birth 1984 (years)	69	56
Famine mortality		
1958-61 Coale's estimate (millions)	16.5	-
1958-61 Ashton <u>et.al.</u> estimate (millions)	29.5	
Excess annual Indian mortality because of a higher death rate (1981) (millions)	-	3.3

Sources: The first three rows are derived from World Development Report 1986, Table 1, and UNICEF, The State of the World's Children 1987, Table 2. The excess mortality figures for the Chinese famine of 1958-61 present two estimates of the difference between actual mortality during 1958-61 in China and the projected normal mortality on the basis of extrapolation (in Ashton et.al.'s case, by interpolating between the death rates in 1957-58 and 1962-63); see Ansley Coale, "Population Trends, Population Policy, and Population Studies in China," Population and Development Review, 7 (1981), and B. Ashton et.al., "Famine in China, 1958-61," Population and Development Review, 10 (1984). The excess annual mortality figure for India is derived by taking the difference between the death rates in China (7.7) and India (12.5) per thousand in 1981 (China's figure coming from J. Banister, "Analysis of Recent Data on the Population of China," Population and Development Review, 10 (1984), and India's from Central Statistical Organization, Government of India, Statistical Pocket Book 1984), and applying that difference to the population figure for India for 1981.

CHART 1



Sources: J. Banister, "An Analysis of Recent Data on the Population of China," Population and Development Review, 10 (1984); S. Preston and P.N. Mari Bhat, "New Evidence on Fertility and Mortality Trends in India," Population and Development Review, 10 (1984), for 1966-81 based on "the low variant" procedure; Statistical Pocket Book of India 1984 (New Delhi, 1985), for 1985 (as the 1951-1961 decade average).

generated from either the opposition parties or from crusading editorials from newspapers.⁴⁴

In this section of the paper, I have tried to illustrate how interventionist public policy in support of individual entitlements to food and health care may have an important role in enhancing positive freedoms. In this analysis, the criterion of assessment consisted in the expansion of a basic freedom, viz., the capability to live long and avoid premature mortality. The role of public policy in enhancing positive freedoms deserves explicit recognition in development policy, especially since that role has frequently been disputed in the recent years. The fact that such disputation may be straightforwardly based on ignoring relevant empirical information (e.g., looking at Sri Lanka's performance after 1960 rather than during the period beginning in the 1940s when the public provisioning of food and health services expanded radically) does not seem to have reduced the political force of these alleged refutations of the positive role of public services. The issue is of great practical importance for policy making, and the experiences of China, Sri Lanka and even of Britain in earlier decades in this field deserve careful attention.

It is, however, important also to note the diversity of considerations that relate to the perspective of positive freedoms even in the limited area of the freedom from premature mortality. The contrasting experiences of China and India regarding famine mortality and regular mortality, and the related role of public services offer some lessons for practical policy. It is also clear that public action is not merely a matter of government planning. There is also a role for the instrumental use of political freedom and civil liberties, in addition to their intrinsic importance. The fact that freedom has diverse instrumental roles as well as intrinsic importance should not, of course, come as a surprise.

44 On the successes and failures of Indian journalism in informing the public on hunger and in forcing the hands of governments to act, see N. Ram, "An Independent Press and Anti-Hunger Strategies", 1987, cited earlier; and Dreze and Sen, Combatting World Hunger, which is volume 1 of their Hunger: Economics and Policy, cited earlier.

8. Freedom, Choice, Consistency and Rationality

The formal representation of the capability set of a person is that of a set of functioning n-tuples (or vectors, when the functionings can be numerically measured) from which a person can choose. If freedom is only instrumentally valued, then the valuation of the person's capability to function would be no different from evaluating the chosen functioning bundle in the respective capability set, i.e., the person's actual functionings. But if freedom is of some intrinsic value in a person's life, then the valuation of a capability set need not coincide with the evaluation of the chosen element of it. The substantive problem, once again, is whether we value freedom over and above its instrumental role, i.e., what freedom permits us to achieve.

One reason why freedom may be important is that "choosing" may itself be an important functioning.⁴⁵ Indeed, Aristotle had seen the ability to choose as one of the distinguishing features that makes human beings different from lower animals, whose acts done can be described as voluntary, but not chosen.⁴⁶ Insofar as choosing is itself valuable, the existence and extent of choice have significance beyond that of providing only the means of choosing the particular alternative that happens to be chosen. To return to the old example, if all alternatives except the chosen one were to become unavailable, the chosen alternatives will not, of course, change, but the extent of freedom would be diminished, and if the freedom to choose is of intrinsic importance, then there would be a corresponding reduction of the person's advantage.

It is, in fact, also possible to analyse the same issue from a slightly different perspective. It is possible to "refine" the notion

45 See my Commodities and Capabilities (1985), pp. 69-70.

46 Aristotle, The Nicomachean Ethics, Book III, Chapter 2, p. 53.

47 See my Commodities and Capabilities, Chapter 7. See also Assar Lindbeck, "Individual Freedom and Welfare State Policy" (1987), cited earlier.

of functionings, incorporating the feature of choice within it. Choosing to do x when other alternatives are available cannot be identified with simply doing x no matter what the alternative possibilities are. Our language often reflects the nature of "refined" functionings, e.g., we "fast" by starving when we have the ability not to starve. In evaluating economic achievements, the person who is involuntarily starving has to be distinguished from the person who is fasting, even though in terms of the elementary ("unrefined") functioning of starving, there is no difference. The refined functionings in the form of choosing to do x when one could have done y may be seen as the primary object of value in the evaluative exercise. If so, the feature of freedom would be already incorporated in the specification of functioning bundles. It is in this refined form that it may make good sense to assess well-being as a value of the actual functionings (albeit refined), and the value of the capability set may, then, be seen in terms of the value of the actual element (i.e. the refined functioning bundle) chosen from that set, since the extent of choice would have been already incorporated in the characterisation of the chosen element.

The idea of refinement is, of course, a general one, which can be applied even when the objects of valuation are not functionings. For example, if freedom to choose commodity bundles is important, then the choice of a commodity bundle from a given set of such bundles may call for a somewhat different characterization than what the standard presentation provides. Indeed, it may make sense to characterize the elements of choice in the form of choosing an element x from a set S, denoted x/S. If the feasibility set S shrinks, say to T, the chosen element may, of course, nominally remain the same, viz., x. But the fact of the non-change of this nominal choice of x must not be taken to imply an unchanged realisation, since the chosen element, in refined characterization, is now x/T, rather than x/S.

48 On the notion of "refined functionings", see my "Well-being, Agency and Freedom: The Dewey Lectures 1984", Journal of Philosophy, 82 (1985).

This simple modification has rather far-reaching implications. In particular, it has very considerable impact on ideas of consistent choice and rational behaviour under certainty and uncertainty. It is indeed natural to expect that this minor-looking change may have quite far-reaching implications, since the notion of "refining" incorporates freedom directly into the characterization of achievements.

I will take the liberty to comment very briefly on some general methodological implications of attaching importance to the perspective of freedom. These issues can arise in many different forms. One of the central ideas of modern economic theory is that of rationality, and this is very often interpreted in standard economics in terms of consistency of choice, i.e., choices from different subsets should satisfy certain requirements of "internal consistency".

One effect of attaching importance to the perspective of freedom in the characterization of decision problems is to undermine most of the standard axioms of internal consistency of choice. For example, one of the most commonly used axioms - possibly the most commonly used one - is what has been variously called "Chernoff Condition", or "basic contraction consistency", or Property a.⁵⁰ This demands that if a certain x is chosen from a set S , and if x happens to belong to a subset of T of S , then from T the same x would get chosen. Property a is a part of the requirement of binariness, and it is one of the

49 Discussed more extensively in my "Well-being, Agency and Freedom: The Dewey Lectures 1984", Lectures 2 and 3.

50 See my Collective Choice and Social Welfare, (San Francisco: Holden-Day, 1970; republished, Amsterdam: North-Holland, 1979); Suzumura, Rational Choice, Collective Decisions and Social Welfare, (1983).

"rationality conditions" central to micro-economic theory as well as to social choice theory.⁵¹

The rationale of Property a becomes deeply problematic once the perspective of freedom is taken seriously in the characterization of alternatives and choices. As was noted before, choosing x from S is, in the "refined formulation", a different alternative x/S from choosing the same alternative from the set T , viz., x/T . There is, formally speaking, no obvious way of retaining the bite of Property a, if the nature of peoples' choices has to be characterized by taking vote of alternative opportunities.

The problem is not merely a formal one. To return to the old example in terms of which "refined" functionings were illustrated, consider the case of a person choosing to fast. Choosing to skip meals can be described as "fasting" only if the person really does have the alternative of eating more. Indeed, if the opportunity of normal eating diminishes or disappears, the person may no longer be able to fast. Self-denial is not possible when there is nothing to sacrifice. In terms of actual preferences it can easily be the case that the person prefers to fast (with eating as a feasible but rejected alternative), over eating normally, but he may have no liking of starving without the option of being able to eat freely. The loss of the opportunity to eat freely is a substantive loss even for the person who chooses to fast. It is easy to give many other examples of

51 See my Collective Choice and Social Welfare, (1970); J.S. Chipman, L. Hurwicz, M.K. Richter and H. Sonnenschein, Preference Utility and Demand (New York: Harcourt, 1971); P.C. Fishburn, The Theory of Social Choice (Princeton: Princeton University Press, 1973); H. Herzberger, "ordinal Preference and Rational Choice", Econometrica, 41 (1973); J.S. Kelly, Arrow Impossibility Theorems (New York: Academic Press, 1978); J.-J. Laffont, ed., Aggregation and Revealed Preferences (Amsterdam: North-Holland, 1979); H. Moulin, The Strategy of Social Science (Amsterdam: North-Holland, 1983); P.K. Pattanaik and M. Salles, eds., Social Choice and Welfare (Amsterdam: North-Holland, 1983); K. Suzumura, Rational Choice, Collective Decisions and Social Welfare (1983); B. Peleg, Game Theoretic Analysis of Voting in Committees (Cambridge: Cambridge University Press, 1984); I. Levi, Hard Choices (Cambridge: Cambridge University Press, 1986).

this kind in which the loss of the opportunity to choose an alternative that is not chosen is a substantive loss. Doing x and choosing to do x are, in general, not equivalent.

Further, the prediction of choice may have to take note of the alternatives offered, even when they are not chosen despite being available. For example, I may choose to read The Times over other newspapers and over not reading any paper, but if the government were to insist that we must not read any other newspaper - only the "authentic" stories in The Times - I may choose to read some other paper, and if that were ruled out, then perhaps no newspaper at all. This violates Property a as the alternatives are conventionally defined, in the "unrefined" form. In the "refined" formulation, Property a is not violated, but that is because in this formulation, a demands nothing at all. Whichever way we see it, Property a is not of much use.

Similar problems are raised in many other types of choices. The importance of counterfactuals, in general, can be quite crucial in the assessment of choice situation,⁵² and the perspective of freedom makes the counterfactual choices (i.e., alternatives not chosen) potentially relevant in the assessment of what is being chosen. The differences in characterization between (1) choosing as a functioning of importance, and (2) the alternative chosen being described in relation to of what is rejected through that choice (in a "refined" format) are largely matters of formal representation, but the importance of incorporating freedom - one way or the other - in the description of living is not just formal but deeply substantive. The general need for counterfactual description in decision analysis, relevant for choice under certainty as well as uncertainty, is powerfully supplemented by recognizing the relevance of the perspective of freedom to our well-being and actions. The fact that this extension has a destabilizing effect on some of the standard conditions of consistency

52 On this see my "Rationality and Uncertainty", Theory and Decision, 18 (1985). A more extensive analysis of some of these problems is included in my Presidential Address to the Econometric Society (1984), "Consistency", to be published in *Econometrica*.

and rationality used in economics and in social choice theory adds to the methodological interest of the enterprise, in addition to its practical and pragmatic relevance.

9. Concluding Remarks

In this lecture, I have tried to address a number of conceptual problems in the characterisation and assessment of freedom of choice. I have also attempted to illustrate the relevance of this focus for economic analysis, public evaluation and policy making. I shall not try to summarise the paper, but a few of the issues may be fruitfully separated out for attention.

First, the intrinsic importance of freedom of choice has to be contrasted with its instrumental relevance (section 2). While the instrumental role of freedom as a means to other ends is undeniable, that derivative function does not exhaust the importance of freedom. It can be seen as having foundational importance as well, even though this intrinsic value has often been neglected in the standard literature, sometimes even by champions of economic freedom (preferring to focus on what Milton Friedman calls "the fecundity of freedom").

Second, there is a deep divide between seeing freedom in primarily "negative" terms - in terms of the absence of constraints imposed by others or the state - and viewing it in a "positive" form, reflecting what a person is actually free to do, taking everything into account. But the contrast may nevertheless be, to some extent, less profound than it may first appear, since some authors who decry the positive conception of freedom argue for valuing it under a different name (e.g., "power" in the case of Frank Knight). Further, it is possible to attach special importance to negative freedom even when over-all positive freedom is also valued (section 3).

53 I have tried to present elsewhere a reexamination of the concept of rationality in my Yrjo Jahnsson Lectures ("Rational Behaviour") in Helsinki in June 1987; to be published by Basil Blackwell as a monograph.

Third, the case for focusing only on the passive implications of negative freedom - in the form of obeying non-interference constraints - suffers from some internal tension (section 4), and the perspective of concentrating exclusively on negative freedom - ignoring positive freedom - is deeply vulnerable to external critiques (section 5).

Fourth, the choice of the space in which positive freedom is to be characterised and assessed is one of great analytical interest and practical importance. The alternative spaces of real incomes, primary goods, and functionings and capabilities were examined and assessed in this context, and the main advantages of the last focus outlined (section 6).

Fifth, the role of public intervention in promoting positive freedom, particularly in developing countries, was discussed and empirically illustrated, drawing on international comparisons, but more specifically on the experiences of China, India, Sri Lanka and Sub-Saharan Africa (and also of Britain from an earlier period). Both the intrinsic importance of freedom in economic evaluation and its instrumental role figured in the illustrations (section 7).

Finally, the far-reaching methodological and substantive implications for economic theory of attaching importance to the perspective of freedom were briefly addressed, focusing particularly on the notions of internal consistency and rationality of choice which are central to economic theory (section 8). The view of "choosing" as an important functioning, and the characterisation of chosen alternatives in a "refined" way (incorporating the alternatives available for choice) are two different ways of incorporating freedom as a part of living, but the contrast between the two is more formal than substantive. It is the substantive relevance of freedom to different areas of economic theory and public policy that ultimately determines the importance of the line of investigation pursued in this paper. The methodological issues raised have to be assessed also in that light. The foundational importance of freedom may well be the most far-reaching substantive problem neglected in standard economics.