

Examining Sen's Capability Approach to Development as Guiding Theory for Development Policy

Thesis submitted in fulfilment of the requirements for the Degree of Doctor of Philosophy

by

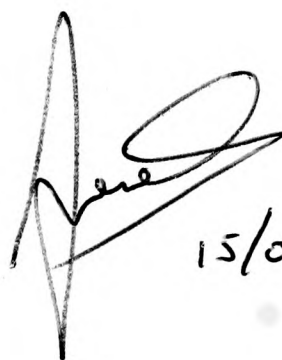
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I hereby certify that this thesis is the result of my own work
Except where otherwise indicated and due acknowledgment is given



15/05/04

To my (grand-)parents and sister,

And to Nick

Abstract

The purpose of this dissertation is to examine to what extent Sen's freedom-centred view of development, with its existing theoretical foundations, offers sufficient theoretical insights for guiding development policies towards the enhancement of human freedoms.

The theoretical part of the dissertation focuses on the three foundational building stones of Sen's freedom-centred view of development. First, the capability approach sets the evaluation space of development in the capabilities that people have reason to choose and value, but by doing so, it is argued that Sen's capability approach contains tensions between human freedom and human well-being that can be loosened by thickening this evaluation space with a substantial view of human well-being. Second, the capability approach views individual agency as central in development, but because of the socio-historical dimension of human freedom and agency, it is argued that concepts of collective capabilities and of socio-historical agency are more central in promoting human freedoms. Third, promoting human freedoms cannot be dissociated from democratic policy-making. But because the link between the two is not necessary, it is argued that the capability approach's consequentialist evaluation of human well-being will have to be thickened by a procedural evaluation which assesses the exercise of political freedom through certain normative principles of decision-making.

The empirical part of the thesis illustrates these theoretical arguments through the analysis of two case studies, Costa Rica and the Dominican Republic. The case studies particularly point to a country's socio-historical agency, or collective capability in promoting human well-being, through socio-historical narratives. These narratives assess a country's collective capability in promoting human freedoms by looking at the country's socio-historical reality, and how its members have appropriated that reality in the course of the country's history, opening up or closing down opportunities for realising policy decisions towards the removal of unfreedoms.

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“Researching for a thesis is a very lonely activity”, warns the Queen Elizabeth House Guidance book for D.Phil. students, but this lonely activity is supported by a vast community of people which makes writing a thesis very similar to a *Tour de France* performance. Indeed, each cyclist appears to be on his or her own but in fact, he or she is able to ride thanks not only to the numerous members of his coaching team but also thanks to the numerous encouragements he or she receives throughout the long and painful hours of lonely cycling towards the arrival.

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I. Sen's capability approach to development

"Development consists of the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency. The removal of substantial unfreedoms is constitutive of development."

Amartya Sen, Development As Freedom, p.xii

"Let us define "ethical intention" as aiming at the good life with and for others, in just institutions."

Paul Ricoeur, One Self As Another, p.172

Amartya Sen's capability approach initially emerged as a powerful critique and alternative framework to the utilitarian approach used in economic analysis for well-being evaluation. Although its success in shifting the works and analysis of economists is still limited, the capability approach has achieved great success in shifting the theoretical basis of the contemporary agenda of development theory, and in guiding the works of international development agencies, especially through the *Human Development Reports* of the United Nations Development Programme to which Sen's capability approach served as background theoretical framework.

This dissertation critically examines the success of Sen's capability approach as a theory guiding development policy towards the aim it has been designed for. Namely, it examines Sen's capability approach to development in its success in guiding development towards "the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency",¹ towards the liberation from unfreedoms and oppressive structures that prevent people from living a life of their choice and that prevent them from accomplishing what they have reason to choose and value.

This chapter introduces Sen's capability approach to development. It retraces its emergence within the history of development theories, discusses its main theoretical

¹ Sen (1999b:xii).

foundations, and introduces the tensions that Sen's capability approach contains at its theoretical level. These are tensions that the capability approach will have to resolve when the theory becomes a practical guide for development policy-making.

1. The origins of Sen's capability approach

When development economics emerged as a sub-discipline after the Second World War, it was aimed at bringing the new independent countries to the living standards of the Western developed world. Development was seen as a process of change from an underdeveloped stage to a developed stage. The newly independent countries would replicate the evolution undergone by industrialised countries, which were considered the model to strive towards.² Development was a matter of making the benefits of the scientific advances and industrial progress available in industrialised countries for the improvement and growth of underdeveloped areas.

The process of development was promptly assimilated to Westernisation, becoming a matter of narrowing the gap between underdeveloped areas and industrialised countries through the mechanisms of industrialisation and economic growth. These latter were believed to be the privileged means through which poverty could be eradicated and better living conditions secured.³ By increasing wealth, industrialisation and modernisation would endow people with more opportunities to live the life they chose to live, regardless of whether this increase in wealth occurred within democratic or non-democratic regimes.⁴

² See for example Rostow (1960) where he develops his well-known "stages of economic growth".

³ Ingham (1993), Srinivisan (1994), Stewart (1985), Streeten (1993,1995).

⁴ It is to be noted that economic growth overrode democracy as a critical component of development. For example, discussing the crucial importance of the saving rate in the economy in generating economic growth, Arthur Lewis (1955) wrote that, in that point, authoritarian governments fared better than democratic governments. Authoritarian regimes could use whatever means they wished to increase the national saving rate, while democratic governments had more difficulty "to carry their people through a phase of relative privation for the sake of building up the nation." (p. 401) This even led him to conclude that democracy was "an obstacle to speeding up the rate of economic growth." (p. 401)

This approach to development has strong theoretical roots in utilitarian economics, which can be characterised by the three following elements:⁵ consequentialism, according to which all choices must be judged by their consequences or the results they generate; welfarism, which restricts judgements of state of affairs to the utilities in the respective states (welfarism combined with consequentialism requires that every choice must be judged by the utility levels it generates); and sum ranking (the goodness of one's action is the sum of all the utilities generated by it). Despite the ambiguity of the utility concept,⁶ the commonly accepted interpretation in economic analysis is to define utility in terms of revealed preferences or in terms of the numerical representation of one's choice.

Two further assumptions underpin the utilitarian approach to well-being: commensurability and unicity.⁷ The commensurability assumption requires that all the consequences of one's choices can be measured according to a particular measurement value.⁸ The unicity assumption requires that there exist only one value according to which all choices and their consequences could be measured. Given these assumptions, income (or consumption) was quickly adopted as the major constitutive element of utility, and hence the unique measure according to which the consequences of any action could be measured. Equipped with these theoretical foundations, development theory became a matter of securing the conditions for increasing that single numerical value, which came to be assimilated to a nation's consumption or income level.

It was only in the 1970s, given the growing awareness that economic growth had not led to better living conditions for all, that development theory started to move away

⁵ Sen (1985b:175, 1999b:58-59), Sen and Williams (1982).

⁶ Sen (1985b:187) highlights three different definitions of utility: happiness or pleasure, fulfilment of desires, or the numerical representation of a person's choice. For a summary of the different conceptions of utility, see also Broome (1991).

⁷ Nussbaum (1995c, 1997b).

⁸ See Chang (1997) for a discussion about commensurability.

from a utility-based conception of development. First attempts at finding an alternative approach were made by linking economic growth with redistribution policies.⁹ However, because of the reluctance of government elites in poor and unequal societies to redistribute the benefits of growth towards the poor, this alternative approach could never be put into practice.¹⁰ Further, and more successful attempts, at finding alternative development theories were then made through the “basic needs approach” to development.

The concept of basic needs first appeared as explicit goal of development in an International Labour Organization report, to denote “the minimum standard of living which a society should set for the poorest group of its people.”¹¹ These included minimum requirements entering family consumption (like adequate food, shelter, clothing, household equipment and furniture), a minimal public provision of social services (like safe water, sanitation, public transport, health and educational facilities), employment freely chosen, participation of the people in making the decisions, which affect them through organisations of their own choice.

The concept of basic needs was later taken up by the World Bank, which viewed the basic needs approach to development as “an approach that attempts to provide the opportunities for the full physical, mental, and social development of human personality and then derives the ways of achieving this objective.”¹² Although the basic needs approach initially emphasised that the objective of development was to provide the conditions for a full human life (material, social, cultural and political), in operational terms, it focused on a minimal decent life, defined in terms of health, nutrition, literacy and the goods and services needed to realise it, such as shelter, sanitation, food, health services, sanitation, safe water, primary education, housing and related infrastructures.¹³

⁹ Chenery et al. (1974).

¹⁰ Stewart (1995a), Streeten (1993,1995).

¹¹ ILO (1976:7).

¹² Streeten et al. (1981:33).

¹³ See Stewart (1985).

The basic needs approach emerged as a practical response to poverty problems in developing countries, but lacked the sound formal and theoretical foundations that the utility-based conception of development relied upon.¹⁴ This theoretical weakness, as well as the turmoil of the debt crisis of the 1980s and the imposition of macro-economic stabilisation and adjustment policies which drastically restricted states in their public action towards providing basic social services,¹⁵ brought the basic needs approach, as an alternative to the utilitarian approach to development, to a standstill. Only in the early 1990s did the focus of the basic needs approach to development namely the provision of the conditions for a full human life with its multi-dimensional and non-monetary conception of well-being, come back on the agenda. It came back under the banner of the human development approach,¹⁶ after having acquired strong theoretical roots in the pioneering works on equality and poverty measurement and social choice theory.¹⁷

Human development is defined as “both the process of widening people’s choices and the level of their achieved well-being,”¹⁸ a level of well-being that includes, among other things, access to income, a long healthy life, education, political freedom, guaranteed human rights, concern for the environment, and concern for participation. Human development “enables all individuals to enlarge their human capabilities to the

¹⁴ See Streeten (1984) for the conceptual problems of the basic needs approach.

¹⁵ For a study of how adjustment policies affected social outcomes, see Cornia et al. (1988), Stewart (1995a).

¹⁶ See Alkire (2002b:166-170) and Stewart (1995b) for a comparison between the basic needs and human development approaches to development. They both conclude that the human development approach brings to the basic needs approach sounder philosophical foundations and greater emphasis on human freedom and participation.

¹⁷ Desai (1991) attributes two parallel sources to the human development approach: the pioneering works made in equality and poverty measurement by Anthony Atkinson and Amartya Sen on the one hand; and the search for a non-economic measure of development pioneered in the 1960s with the social indicators school in the Scandinavian countries on the other.

¹⁸ UNDP (1990:9). See also Griffin and McKinley (1994), Qizilbash (1996 a,b) and ul Haq (1995) for discussions about the concept of human development.

full and to put those capabilities to their best use in all fields – economic, social, cultural and political.”¹⁹

The human development approach can be seen as resting on the three following foundational characteristics. First, the end of development is to enhance people’s range of choice (in the present and in the future) in all areas of their life (economic, social and cultural). There are components of human well-being that the income measure cannot capture, such as a greater access to knowledge, better nutrition and health services, more secure livelihoods, security against crime and physical violence, political and cultural freedoms, or participation in community activities. This is why the end of development cannot be reduced to a single measure, but needs to be multidimensional and concerned with the nature of the lives that people are living. Second, development should pay attention to the institutional mechanisms enhancing (or decreasing) people’s ranges of choices, and favour those mechanisms that increase people’s range of choices. Examples include the elimination of discrimination barriers that prevent minority groups from entering the job market, land reforms, adequate structures of public spending oriented towards priority sectors like primary health care and primary education. Finally, development should be based on respecting people’s freedom to make decisions about their lives. It should consider people as subjects and actors of their own lives rather than objects of actions that are being made for them. Development is to be based on “the empowerment of local people to identify their own priorities and to implement programmes and projects of direct benefit to them.”²⁰

As highlighted, the strength of the human development approach compared to the basic needs approach lies in its theoretical foundations that provided a sound theoretical basis for shifting development theory away from its focus on utility as the evaluation

¹⁹ UNDP (1994:4).

²⁰ Griffin and McKinley (1994:xi).

space for well-being. The next section turns to the theoretical foundations of the human development approach as found in Sen's capability approach to development.

2. *The capability space as evaluation space*

The basic contention of Sen's capability approach can be summarised by the following assertion: "In assessing the standard of living of a person, the objects of value can sensibly be taken to be aspects of the life that he or she succeeds in living."²¹ Since its emergence, development theory has been concerned with the achievement of better human lives, but, Sen argues, by focusing on the possession of commodities, development theory has failed to include the very nature of human living and has failed to take into account the fundamental aspects of the life that a human being succeeds in living.²² It is precisely within that concern for finding relevant information about the very nature of the lives that people are actually living that Sen's capability approach has situated itself. Sen's capability approach characterises human well-being in terms of what people are or do (like being healthy, reading or writing, taking part in the life of the community), which Sen calls functionings. And more specifically, as he considers freedom as one of the most basic aspects of human life, well-being is to be assessed not as much in what people are or do, but in what they are *able* to be or do should they choose so (like being able to be healthy, being able to read and write, being able to participate in the life of the community), which Sen calls capabilities.²³ A capability is "a person's ability to do valuable acts or reach valuable states of being," it "represents the alternative combinations of things a person is able to do or be."²⁴ Sen emphasises that "there is no difference *as far as the space is concerned* between focusing on functionings *or* on capabilities. A functioning combination is a *point* in such a space, whereas

²¹ Sen (1987b:29).

²² See for example Sen (1983, 1988, 1989, 1999b), Drèze and Sen (1995, 2002).

²³ See for example Sen (1980, 1985 a,b, 1987 a,b, 1992, 1993, 1999b).

²⁴ Sen (1993:30).

capability is a *set* of such points.”²⁵ While functionings are distinct aspects of living conditions or different achievements in living a certain type of life, capabilities are real notions of freedom and reflect the real opportunities people have to lead or achieve a certain type of life. Informed by the capability view of well-being, development theory entails as a consequence that development be judged “in terms of the expansion of substantive human freedoms.”²⁶

The evaluation space that the capability approach considers as being relevant for assessing human well-being can be seen as containing three main characteristics: it contains an objective theory of the good (as opposed to the subjective theory), it is a pluralistic and incomplete theory of the good (as opposed to the value-monism), and it is a liberal theory of the good (in the sense that it puts human freedom at its centre stage).²⁷ Let us further spell out each of these characteristics.

First, in contrast to the utility theory which conceives well-being as depending on some states of mind of the agent, the capability approach involves assessing a person’s well-being in terms of a substantive judgement about what makes her life better. Considering development in terms of capability expansion, and setting the informational basis of well-being in what people are really able to do or be, involves conceiving the human good as being composed of some objective components, independently of a person’s tastes or preferences, and in that sense can be seen as an objective theory of the good.²⁸ Sen has repeatedly stressed the deficiencies of subjective approaches to well-being, especially in their inability to acknowledge that preferences are adaptive. Deprived and oppressed people often adapt themselves to their situations, and adjust their

²⁵ Sen (1992:50).

²⁶ Drèze and Sen (2002:3).

²⁷ See Alkire (2002b:5-11) for a similar characterisation of Sen’s capability approach in terms of freedom, pluralism and incompleteness.

²⁸ See Arneson (1999) for a definition of an objective theory of the good as a theory that conceives the human good independently of an individual person’s tastes or preferences.

preferences to their deprived situations, so that their preferences are a very poor guide for assessing their well-being. For example, in sexist oppressive societies, women will often tend to form a negative value regarding education because they have internalised the belief that women should not receive education. In Sen's capability approach, as in any objective theory of the good, things or states of affairs, like being able to be healthy or being able to pursue knowledge, will have an intrinsic value, independently of whether they are objects of people's subjective preferences. Things are not good because they are desired — being desirable does not mean necessarily being valuable, something can be valuable even if it is not desired — but because they are part of an objective conception of human flourishing. In that sense, the capability approach differs fundamentally from the utilitarian approach, because it “makes room for a variety of doings and beings as important in themselves (not just *because* they may yield utility, nor just to the *extent* that they yield utility).”²⁹ What matters is not what commodities bring to people in terms of some subjective states of mind, but what matters is whether these commodities are really successful in expanding the freedoms people have to do or be what they have reason to value.³⁰

Despite being an objective theory of the good which asserts that improving human well-being is a matter of increasing a certain set of things that are objectively good, Sen is very reluctant to put forward a comprehensive conception of the good or to define what exactly constitutes the freedoms people have reason to value. Sen deliberately avoids identifying the capabilities that are valuable to promote, and emphasises that “the evaluation of capabilities does not have to be based upon a particular comprehensive conception that orders ways of life.”³¹ He asserts that the capability

²⁹ Sen (1992:43).

³⁰ Sen (1999b:70-1) identifies five reasons for not assimilating real incomes (or commodities) to well-being: personal heterogeneities (like gender, illness, age), environmental diversities (like living in a warm climate or cold makes the commodity requirements different), variations in social climate (like public educational arrangements), differences in relational perspectives (differences in customs and habits make the commodity requirements different) and distribution within the family.

³¹ Sen (1992:83).

approach to development only “specifies a space in which evaluation is to take place, rather than proposing one particular formula for evaluation.”³² He notes that “the capability perspective is inescapably pluralist”,³³ and is so for three reasons. First, the different functionings vary in importance and priority, some functionings are more important than others. Second, the weight to attach to substantive freedoms (the capability set) vis-à-vis the actual achievement (the chosen functioning vector) can vary (according, for example, to informational availability). Finally, the capability approach does not claim to contain an exhaustive evaluation of what is relevant for well-being (rules and procedures can, for example, be as important as freedoms and outcomes). Sen concludes that, “there is no escape from the problem of evaluation in selecting a class of functionings – and in the corresponding description of capabilities.”³⁴ He argues that, in dealing with situations of extreme poverty, choosing the relevant functionings is quite easy, since “there is a relatively small number of centrally important functionings (and the corresponding basic capabilities, e.g. the ability to be well-nourished and well-sheltered, the capability of escaping avoidable morbidity and premature mortality...), while in other contexts, the list may have to be much longer and much more diverse.”³⁵ Eventually the choice of relevant capabilities has to be related to the underlying social concerns and values within a particular society.

The capability approach’s pluralism is coupled with an open-endedness, or an incompleteness. By refraining from specifying the content of the various capabilities constitutive of human well-being, the approach is open to many different specifications of what is valuable to promote, as well as to many different ways of specifying what is valuable. Given the open-ended and incomplete nature of well-being, it would be erroneous to give a complete range; this is what Sen calls the “fundamental reason for incompleteness” of his approach. And even if it would not be a mistake to find a complete

³² Sen (1988:18).

³³ Sen (1999b:76).

³⁴ Sen (1992:44).

³⁵ Sen (1992:44-5).

ordering, we could not identify it in practice; this is what Sen calls “the pragmatic reason for incompleteness.”³⁶ Despite the incompleteness of the capability approach, Sen argues that it still has a “cutting power”, “both because of what it *includes* as potentially valuable and because of what it *excludes* from the list of objects to be weighted as intrinsically important.”³⁷ Even though it is impossible to determine quality of life in an exhaustive and precise way, Sen concludes that, “it is better to be vaguely right than precisely wrong,”³⁸ and that “babbling is not, in general, superior to being silent on matters that are genuinely unclear or undecided.”³⁹

Finally, and this can be seen as the core characteristic of the capability approach to development, it “treats the freedoms of individuals as the basic building blocks [of development].”⁴⁰ Sen advances two reasons for putting individual freedom at the centre stage of development theory: on the one hand for evaluative reasons (“assessment of progress has to be done primarily in terms of whether the freedoms that people have are enhanced”) and on the other hand for instrumental reasons (“achievement of development is thoroughly dependent on the free agency of people”).⁴¹ This emphasis on freedom in the capability approach contrasts with the utility approach to well-being, which “ignores freedom and concentrates only on achievements, and [which] ignores achievements other than those reflected in one of these mental metrics.”⁴² Freedom is concerned “with the real opportunity that we have to accomplish what we value.”⁴³ It is in that sense that Sen distinguishes achievements, whether in terms of agency (realisation of valuable goals) or well-being (realisation of valuable sets of beings and doings), from the freedom to realise those achievements. Agency freedom is “one’s freedom to bring about the achievements

³⁶ Sen (1992:49).

³⁷ Sen (1992:49).

³⁸ Sen (1987a:6).

³⁹ Sen (1992:134).

⁴⁰ Sen (1999b:18).

⁴¹ Sen (1999b:4).

⁴² Sen (1992:6).

⁴³ Sen (1992:31).

one values and which one attempts to produce,” while well-being freedom is “one’s freedom to achieve those things that are constitutive of one’s well-being.”⁴⁴ What matters, is not so much the achievements in themselves, but the freedom to achieve them. Sen repeatedly uses the example of the fasting monk and the starving child. Both show the same levels of nutritional deficiency, but the monk has the capability to be adequately nourished, in contrast to the starving child. The key notion of individual freedom can even be seen as being “constitutive of the goodness of the society which we have reasons to pursue.”⁴⁵

3. Individuals as subjects

By situating the evaluative space of quality of life in the capability space, in what individuals are able to be or do, Sen’s capability approach to development implies that individuals are to be considered as the very subjects of development, both as ends and means of development. Speaking of the deep afflictions that affect mankind in terms of hunger, malnutrition, preventable diseases, poverty, oppression, Sen underlines that, “we have to recognise the role of individual freedoms of different kinds in countering these afflictions. Indeed, individual agency is, ultimately, central to addressing these deprivations.”⁴⁶ Thus, in Sen’s capability approach, development is to be assessed in terms of whether the freedoms that individuals have are enhanced, and it is to be achieved through the free agency of individuals.

Although individual subjects are at the core of development, the capability approach does not consider them as detached from the social setting in which they live. Because “human beings live and interact in societies, our understanding of what our own needs are and what values and priorities we have reason to espouse may themselves

⁴⁴ Sen (1992:57). See also Sen (1985b:203-4) for the distinction between agency and well-being freedom.

⁴⁵ Sen (1992:151).

⁴⁶ Sen (1999b:xi).

depend on our interactions with others.”⁴⁷ One cannot separate the “thoughts, choices and actions” of individual human beings from the particular society in which they live, since individuals are “quintessentially social creatures.”⁴⁸ This leads Sen to introduce the notion of “socially dependent individual capabilities”.⁴⁹ The freedom and agency that each individual enjoys is “inescapably qualified and constrained by the social, political and economic opportunities that are available to us.”⁵⁰ Individual freedoms are inescapably linked to the existence of social arrangements, and “our opportunities and prospects depend crucially on what institutions exist and how they function.”⁵¹ For example, women’s capability to read and write is often deeply hindered by social arrangements or social norms regarding women’s lives, the capability to be healthy is greatly enhanced by the social arrangement of family kinship (and their implicit duty of mutual help), the capability to live in a secure environment is highly dependent on the presence of ethnic conflict. The capability of Costa Ricans to be healthy is crucially dependent on the existence of key welfare institutions. The capability of Costa Ricans to live in a clean environment is deeply connected to the collective belief that bio-diversity cannot be forsaken for economic interests, and to the existence of a legal and enforcement framework reflecting that collective belief. The capability of indigenous people to maintain their language and traditions cannot be made possible without an adequate legal framework that fully protects and implements the rights of cultural minorities. These examples illustrate why, in Sen’s capability approach, individual freedom is “quintessentially a social product”: because “there is a two-way relation between (1) social arrangements [such as economic, social and political opportunities] to expand individual freedoms and (2) the use of individual freedoms not only to improve the

⁴⁷ Sen (2002:79). See also Sen (1999c) for a discussion on how social identity shapes an individual’s values and priorities.

⁴⁸ Sen (2002:81)

⁴⁹ Sen (2002:81)

⁵⁰ Sen (1999b:xi-xii).

⁵¹ Sen (1999b:142).

respective lives but also to make the social arrangements more appropriate and effective.”⁵² Development and the expansion of freedoms cannot occur without the presence of institutions such as the market, public services, the judiciary system, political parties, the media, etc. Such “a freedom-centred view [of development] calls for an institutionally integrated approach.”⁵³

As development is achieved through the actions of individuals, Sen’s writings pay careful attention to the motivations which inhabit individual actions, and especially to those which are conducive to the enhancement of individual well-being. In contrast to neo-classical economic theory, which has tended to consider human beings as self-interested individuals that act only to maximise their own utility level,⁵⁴ Sen’s capability approach has granted an important role to considerations of other people’s well-being in the pursuit of individual well-being. There needs to be certain social rules and behavioural norms that allow individual capabilities to be promoted, as there needs to be certain behavioural rules and social norms for market exchange to occur and capitalism to function (such as trust and social norms regarding contracts).⁵⁵ Sen identifies two crucial moral sentiments for human action, and hence for development policy: sympathy, where concern for others directly affects one’s own welfare, and commitment, where concern for others is independent of one’s own welfare, where one’s choice is not motivated by its effects on one’s own welfare. Commitment is a counter-preferential choice that “destroys the crucial assumption that a chosen alternative must be better than (or at least as good as) the others for the person choosing it”.⁵⁶ These other-regarding concerns act as powerful and necessary instruments to promote development and increase the individual freedoms of those who suffer from destitution. For example, one can help a destitute person

⁵² Sen (1999b:31).

⁵³ Drèze and Sen (2002:20).

⁵⁴ See for example Becker (1976, 1993).

⁵⁵ Sen (1999b: 262-5). See also the works in institutional economics pioneered by North (1990).

⁵⁶ Sen (1982:92).

because one feels unhappy and uncomfortable at the sight of this destitution. Helping the poor as a way of alleviating one's unhappiness and making oneself more comfortable, would then be a sympathy-based action. But one can also help a destitute person because one thinks that it is not fair for someone else to suffer from destitution while one is not. In that case one's action would be based on commitment.⁵⁷

Despite the importance that the capability approach gives to the deep social relationships that link individuals together, despite the crucial role of social arrangements in the construction of individual freedoms themselves and in the motivational structures needed for these freedoms to be promoted, Sen is very reluctant to approach development with a supra-individual subject. Even if for example, ethnicity, family structures or a society's democratic culture are seen as very important elements in enhancing or impeding individual freedoms, social arrangements are still to be "investigated in terms of their contribution to enhancing and guaranteeing the substantive freedoms of individuals."⁵⁸ Institutions do crucially contribute to our freedoms, but "their roles can be sensibly evaluated in the light of their contributions to our freedom."⁵⁹ As Sen insists, all actions finally bear upon their effects on the lives that human beings live, lives which are only lived by individuals and not by some supra-individual subjects. Individual lives are deeply dependent and inter-connected, but they are not in fusion. And as a consequence, Sen's capability approach concludes that, "the intrinsic satisfactions that occur in a life must occur in an individual's life, but in terms of causal connections, they *depend* on social interactions with others."⁶⁰

⁵⁷ This example is taken from Sen (1999b:270).

⁵⁸ Sen (1999b:xiii).

⁵⁹ Sen (1999b:142).

⁶⁰ Sen (2002:85).

4. Participation as decision-making

The capability approach to development considers individuals as the subjects of development, not only in the sense that development ought to be assessed in terms of what occurs in individual lives and in terms of the freedoms that individuals dispose of, but also in the sense that individuals are the only actors of development. Development can only rest upon individual actions and the agency they dispose of to act. This is why the foundational building block of development lies in “the ability of people to help themselves and to influence the world.”⁶¹

Throughout his works, Sen emphasises that people should not be seen as passive spoon-fed patients of social welfare institutions, but “have to be seen as being actively involved in shaping their own destiny.”⁶² Each person has to be seen as a “doer and a judge” instead of a “beneficiary”.⁶³ In that respect, the capability approach grants a fundamental role to the public debate and democratic decision-making, or in more generic terms, to the ability to participate in the life of the community and to take decisions in matters that affect one’s own life and the life of fellow-human beings. This ability “to do something not only for oneself but also for other members of the society” can even be considered as “one of the elementary freedoms that people have reason to value, [...] even among people who lead very deprived lives in material terms.”⁶⁴

Democratic freedom, or the ability to participate in the life of the community, has three fundamental roles in the capability approach to development.⁶⁵ First, it is of fundamental intrinsic worth to human well-being, it is “a significant ingredient, a critically important component”⁶⁶ of the capabilities that individuals have reason to choose and value. Second, given the open-endedness and the plurality of the different

⁶¹ Sen (1999b:18).

⁶² Sen (1999b:53).

⁶³ Sen (1985b:208).

⁶⁴ Drèze and Sen (1995:106).

⁶⁵ See Alkire (2002b:129-143) and Sen (1999a) for the different roles that can be attributed to democratic freedom or the ability to participate in the life of the community.

⁶⁶ Sen (2002:79).

capabilities that people have reason to choose and value, “there is a strong methodological case for emphasizing the need to assign explicitly evaluative weights to different components of quality of life (or of well-being) and then to place the chosen weights for open discussion and critical scrutiny.”⁶⁷ Democratic freedom plays a crucial role in specifying and choosing the capabilities that are worthwhile to be promoted. The “role of public discussion and interactions in the emergence of shared values and commitments”⁶⁸ is essential in specifying a society’s underlying values and in choosing the capabilities that are valuable and worthwhile to be pursued. For example, if a community has to choose between being economically poor with breathtaking landscapes and being moderately prosperous blanketed with unsightly features and smokestacks,⁶⁹ the decision of that community should depend on the underlying social concerns and values of the community that people express through public discussion. Referring to the choice between cultural tradition and poverty on the one hand and modernity and material prosperity on the other hand, Sen writes: “If a traditional way of life has to be sacrificed to escape grinding poverty or minuscule longevity, then it is the people directly involved who must have the opportunity to participate in deciding what should be chosen.”⁷⁰ The role of participation also extends to the choices of the means that will bring about the chosen priorities, and hence to the kind of policies required to promote the chosen capabilities. Third, democratic freedom is also of constitutive importance in value formation. It clarifies and constructs a society’s values and priorities, builds consensus and achieves compromises that prevent conflicts.

Sen has been very reluctant to move beyond consequentialism in promoting individual freedoms. He defines consequential evaluation as “the discipline of responsible choice based on the chooser’s evaluation of states of affairs, including consideration of all

⁶⁷ Sen (1999b:81).

⁶⁸ Sen (1999b:253).

⁶⁹ This example is taken from Lukes (1997:184).

⁷⁰ Sen (1999b:31).

the relevant consequences viewed in the light of the exact circumstances of that choice.”⁷¹ The success of the public debate in choosing the valuable capabilities and actions that promote these, is to be solely assessed in terms of their consequences for individual freedoms.⁷² Sen defends a broad consequentialist approach to decision-making, arguing that the informational basis of evaluation should go beyond the space of utilities and be broadened to include individual freedoms and rights, rather than giving procedures a greater weight. He warns especially of the dangers of adopting policies according to a procedural framework, irrespectively of the consequences that policies entail. The only criteria for decision-making that the capability approach offers is that public decisions be democratically agreed upon and have positive consequences for the expansion of “the freedoms that people actually enjoy to lead the kind of lives they have reason to value.”⁷³

5. Sen’s capability approach as guiding theory for development policy

Sen has summarised his capability approach to development as an approach that views the “expansion of freedom, both as the primary end and as the principal means of development. Development consists of the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency. The removal of substantial unfreedoms [such as lack of economic opportunities, lack of access to public services, lack of respect, intolerance, tyranny of abusive states] is *constitutive* of development.”⁷⁴ Analysed through the conceptual theoretical framework of Sen’s capability approach to development, a society is hence more “developed” when individuals in that society have benefited from a greater freedom to achieve what is constitutive of their well-being, or alternatively, when that society has removed the unfreedoms that prevent individuals from achieving what each of them has reason to choose and value as constitutive of his or her own well-being.

⁷¹ Sen (2000a:477).

⁷² Sen (1985b, 2000a).

⁷³ Drèze and Sen (1995:13).

⁷⁴ Sen (1999b:xii).

But can Sen's capability approach to development, characterised by the elements described in the above sections, fulfil its self-assigned task: to remove the substantial unfreedoms that leave so many people with little choice about their lives, and to liberate people from oppressive structures that prevent them from living a life of their choice?

Sen's capability approach was initially designed as a theory within social choice theory. As a social choice theory in dialogue with other theories within economic analysis, the capability approach limits itself to finding an alternative evaluative space to utility for assessing human well-being. In consequence it limits itself to advocating that any policy should be undertaken with the ultimate purpose of having an impact upon the capabilities that people have reason to choose and value. Sen strongly emphasises that his capability approach is not a full theory of justice and should by no means be seen as a theory designed at specifying ways according to which societies should be arranged.⁷⁵ But is the capability approach not a programme for arranging societies? Is it not after all a theory that is, by its very nature, a guiding theory for designing and implementing development policies towards the expansion of human freedoms? If the capability approach aims at the liberation of human beings from unfreedoms, the internal logic of Sen's capability approach seems to require this. By limiting itself to specifying a particular space of well-being in which actions ought to be assessed, the capability approach seems to implicitly require that societies should be arranged in some ways rather than others, namely in ways that will enable people to enjoy the capabilities they have reason to choose and value. In other words, the internal logic of Sen's capability approach to development seems to imply that the capability approach is not a theory aiming at staying within the realm of academic social choice theory, but is a theory aiming at guiding development policies so that the unfreedoms that people suffer from can be removed.

⁷⁵ Sen, oral communication at a conference in Cambridge, St Edmund's College, 9-10th September 2002.

The purpose of this dissertation is to examine, theoretically and empirically, to what extent Sen's capability approach to development can provide the adequate theoretical foundations for a praxis of development that is liberating for the life of those suffering from deep unfreedoms. The dissertation will focus on three particular areas in which the theoretical tools in Sen's capability approach to development appear to be problematic in carrying out its ambitious task: its focus on freedom, its individualism, and the role it gives to participation and public debate. But before looking at the theoretical foundations of the capability approach and their ability to guide development policy, some discussion about what is understood by "development policy" is required.

When referring to development policy, the capability approach to development often refers to the notion of "public action", which it interprets as "policy and governance, on the one side, and cooperation, disagreement and public protest on the other."⁷⁶ Public action is thus not understood only in terms of the activities of the state through various policies such as social or fiscal policies, but also in terms of the activities undertaken by the public, through collaborative or adversarial actions. Cases of collaborative actions could be for example the participation of a group of citizens in the design and spending of the municipality budget, while cases of adversarial actions could be, for example, demonstrations against nuclear testing.

The range of public actions that a country can take in order to improve the well-being of its population is large. Public actions can range from enhancing economic growth through industrialisation policies, from exchange rate policies to the opening of trade barriers, from public health spending to environmental protection. Given the impossibility of enumerating public actions or development policies in an exhaustive list, this dissertation will leave the concept quite open, and use it in reference to whatever action citizens take, through their government, to transform economic resources generated by economic growth into the public provision of social services towards the

⁷⁶ Drèze and Sen (2002:v).

enhancement of human freedoms (such as the freedom to be healthy, to be educated, to participate in the life of the community, to live in a non-polluted environment). This dissertation will thus interpret the notion of public action, following Drèze and Sen's conceptualisation of public action, as the activities of the government and public at large, but in contrast to them, it will use the notion of "development policy", rather than public action, whenever the actions of a government to increase human freedoms are referred to. It does so in order to bring the notion of public action closer to the *political* framework to which it belongs, a *policy* being the action undertaken by and in the *political* community.

In development, there has been a long tradition to consider the concept of policy totally detached from the political community by and in which policies are decided and undertaken. James Ferguson's anthropological study about the way "development" was undertaken in Lesotho is a powerful study of this tradition.⁷⁷ It highlights the dangers of a technical and depoliticised use of the notion of policy, which it defines as the presentation of "disputed matters which affect people differently and on which they have different perspectives as being technical issues with technical solutions."⁷⁸ In that depoliticised context, poverty is seen as something that requires technical action from "experts" attached to the government, but is not seen as a political problem, to be resolved through politics and conflicting interests. Based on the study of the action of development agencies in Lesotho in the 1980s, Ferguson's anthropological study has led him to conclude that, "development is an "anti-politics machine", depoliticising everything it touches."⁷⁹ Politics, along with history, is swept aside from development action. In that aseptic depoliticised conception of policy, the state is seen as "a machine for implementing "development" programmes, as an apolitical tool for delivering social

⁷⁷ Ferguson (1990). See also Schaffer (1984) and Harris-White (2002) for a discussion on the de-politicisation of the concept of policy and the neglect of power relationships in development policy-making.

⁷⁸ Apthorpe and Gasper (1996:151).

⁷⁹ Ferguson (1990:xiv).

services and engineering economic growth,” as a “machinery [which] has policies, but no politics [in the sense of certain classes and interests controlling the government action].”⁸⁰

Sen’s capability approach to development by no means provides the theoretical basis for depoliticised development policies. Sen underlines that, policy-making is not only about the actions that a government should take to promote the human well-being of its citizens, but “depends on a number of influences, going beyond the prevalent notion of what should be done, [...] there are *political* issues in policy-making.”⁸¹ So, one cannot conclude (especially at the light of Drèze and Sen’s most recent analysis of policy-making in India) that political aspects, conflicts and issues of power are absent from the capability approach to development. Sen’s capability approach is fully aware that the translation of economic opportunities into social opportunities is an “inescapable political process.”⁸² Yet, the theoretical foundations of the capability approach appear not to fully take into account these political and conflictual aspects.

First, the capability approach to development gives human freedom a central role in the evaluation of human well-being, but by focusing on capabilities as evaluative space while retaining the central role of freedom of choice with respect to the contents of capabilities and with respect to the constituents of human well-being, the capability approach contains theoretical tensions between human freedom and well-being that become problematic, because of these political aspects, when the theory becomes a guiding theory for development policy. Second, the capability approach to development considers individual subjects as both the ends and means of development, but by focusing on individual freedoms and individual agency as central concepts while recognising the deep social embeddedness in which individual freedoms and agency are formed, the capability approach contains theoretical tensions between the individual and his relation to society that will need to be resolved when the theory becomes a guiding theory for

⁸⁰ Ferguson (1990:65-6).

⁸¹ Sen (1981:19). Italics are mine.

⁸² Drèze and Sen (2002:323).

policy. Third, the capability approach to development gives democratic practice a central role in promoting the capabilities that people have reason to choose and value, but by focusing on democratic practice while widely acknowledging the deep structures of inequalities that characterise democratic practice in many developing countries, the capability approach maintains democratic practice and structures of inequalities in a tension that will also need to be resolved when the theory is confronted with the conflictual aspects of development policy decision-making. The first part of this dissertation will explore each one of these areas in which the capability approach appears to contain internal tensions if it is to provide theoretical insights for orienting policies towards the removal of unfreedoms. The second part of the dissertation will focus on two case studies, Costa Rica and the Dominican Republic, which will illustrate the arguments developed in the theoretical part.

PART I

II. Freedom and well-being

“If there is some end of the things we do [...] clearly this must be the good. Will not the knowledge of it, then have a great influence on life? Shall we not, like archers who have a mark to aim at, be more likely to hit upon what we should? If so, we must try, in outline at least, to determine what it is.”

Aristotle, Nicomachean Ethics, 1094a18-25

“Considering justice as a virtue is admitting that justice contributes to orienting human action towards a fulfilment, a perfection. The aim of the good life endows the particular virtue of justice with a teleological character. Living well is its telos. But the absence of a consensus about what truly and absolutely constitutes the Good involves that the meaning attached to the predicate good is tainted by uncertainty.”

Paul Ricoeur, Lectures autour du Politique, p.178

Sen's capability approach provided the theoretical background for the human development approach to development, popularised by the United Nations Development Programme's *Human Development Reports*. Paraphrasing Sen's definition of development as the expansion of the human freedoms that people have reason to choose and value, the human development reports affirm that development is a matter of “expanding choices and opportunities so that each person can lead a life of respect and value.”¹ However, a quick glance at the reports will show us that they have not remained particularly faithful to the insights brought by Sen's capability approach. On the one hand, the reports have assessed the successes and failures of countries in undertaking policies towards the enhancement of human well-being on the basis of a set of functionings and not on the basis of people's abilities to achieve these functionings should they choose so. For example, the capability of people to read and write has been assessed on the basis of people's actual achievements in reading and writing, through literacy statistics, and the capability of people to live long and healthy lives has been assessed according to people's actual achievements in living long and healthy lives

¹ UNDP (2000:2).

through life expectancy. On the other hand, the reports have not considered all choices as having equal value, but regarded some choices as more privileged than others, even though some people might have valued and chosen less privileged choices. For example, literacy is seen as a better state than illiteracy; gender equality is always considered as a good that all societies should promote; living in a non-polluted environment is always something desirable; the absence of freedom of expression is never considered a good; the destruction of a cultural heritage or the disappearance of a minority language is never seen as a successful achievement of development; or the capabilities of consuming alcohol or drugs never seem to be capabilities worthwhile to be promoted, even though some people might value them highly. The Human Development Reports seem thus to illustrate on the one hand that, when Sen's capability approach is used as a theory that has practical policy implications, not all human choices that people might have reason to choose and value are worthy of being pursued as valuable policy goals, and on the other hand, that Sen's emphasis on capabilities rather than functionings as evaluation space of well-being has to be somehow relinquished. When assessing the successes of countries to promote human well-being, the Human Development Reports seem to testify that some theoretical insights of the capability approach are to be loosened.² This chapter will examine the reasons for this.

This chapter begins by discussing the central importance that Sen's capability approach to development gives to freedom in setting the evaluation space of development in the capabilities that people have reason to choose and value. It begins by discussing the

² The Human Development Reports are also popularly known for their "Human Development Index", a composite index which gathers data on GDP per capita (as a measure for the capability to have a decent life), life expectancy (as a measure of the capability to live a life of normal longevity) and literacy rates (as a measure of the capability to be educated). This index has been essentially created as a strategic tool to dethrone GDP. The founder of the Human Development Reports, Mahbub ul Haq, pressed the need for an indicator as vulgar as GDP but which would direct attention to social achievements [Amartya Sen, communication at a conference on the capability approach held in Pavia, 7-9th September 2003]. As the HDI is an indicator designed for strategic purposes, and is by no means a practical requirement for making the capability approach a guiding theory for development practice, this dissertation will not deal with it, neither will it deal with its counterpart, the "Human Poverty Index".

tensions in Sen's capability approach with regard to its understanding of human freedom, and examines the reasons why Sen's capability approach cannot remain focused on capabilities as an evaluative space while retaining the central role of freedom of choice in human well-being. When the capability approach becomes a guiding theory for practice, it unavoidably will have to be less of a freedom-centred approach to development if it retains its aim of guiding development policies towards the removal of unfreedoms.

Martha Nussbaum's capability approach has tried to solve these tensions by building a "list" of central human capabilities that governments ought to provide the conditions for. This chapter then discusses Nussbaum's capability approach and the extent to which it offers a better theoretical framework than Sen's for guiding the undertaking of development policies. It particularly examines the two frameworks in which Nussbaum designed her capability approach, the framework of Aristotelian social democracy and Rawlsian political liberalism. It argues that the liberal political framework provided by Rawls's theory of justice does not enable the capability approach to fulfil its aim of removing unfreedoms.

Finally, the chapter examines how the inherent tensions between freedom and human well-being in Sen and Nussbaum's capability approaches are paralleled, at the empirical level, with the tensions between freedom-based approaches and substance-based approaches for defining human well-being. The chapter concludes by suggesting pragmatic ways for solving these tensions so that effective actions towards removing unfreedoms can be undertaken.

1. Freedom and its tensions in Sen's capability approach

1.1 Perfectionist and liberal theories of the good

Two major theories regarding human well-being have divided Anglo-Saxon political philosophy, perfectionist and liberal theories of the good. Perfectionist theories of the good affirm that certain activities, like knowledge, health or artistic creation are good, independent of any subjective preferences or choices. Their presence makes life

better, whether one desires them or not, and their absence impoverishes human life.³ The foundational idea of perfectionism is that the aim of human action ought to be the perfection of human excellences, human excellences being understood as fundamental properties of human life. According to perfectionist moral theories, “certain properties constitute human nature – they make humans humans, and the good life develops these properties to a high degree.”⁴ In a perfectionist framework, the role of the government amounts to establishing institutions (legal, economic and social) in which the properties that constitute human life will best be actualised. It amounts to “creating and maintaining social conditions that best enable their subjects to lead valuable and worthwhile lives.”⁵ Individuals have the freedom to pursue what they consider as good only within certain institutions that guarantee the perfection of human excellences. Or, in other words, to anticipate the implications of perfectionism for development, perfectionist theories of the good affirm that people are free to pursue a life of their choice only when there exist institutions that provide the conditions for the fulfilment of certain basic constituents of human life to all.

It is worth noting here the distinctions between perfectionist and objective theories of the good. While objective theories of the good are, as defined in the previous chapter, theories which conceive the human good or human well-being as being composed of some objective components, independently of a person’s tastes or preferences, perfectionist theories of the good make the further claim that these components are fundamental properties of human life,⁶ and that these components are to be perfected through for example adequate social arrangements. Whether the capability approach

³ Hurka (1998).

⁴ Hurka (1993:3).

⁵ Wall (1998:8).

⁶ For example, conceptions of the human good developed by James Griffin in terms of prudential values can be seen as an attempt to provide an objective conception of what is good for humans without resorting to the human properties that perfect human life. Prudential values such as enjoyment, deep personal relations or understanding are values that a human being could endorse through prudential deliberation about what makes a human life better. See Griffin (1986), and Qizilbash (1996a, 1998).

ought to be a perfectionist theory of the human good, or simply an objective theory as Sen has originally designed it, has important practical applications. In the former case, the capability approach would involve that human beings have certain properties that need to be perfected and that there is a moral obligation for governments to provide the conditions for their perfection. In the latter case, the capability approach would state that human well-being is composed of objective components, but there is no moral obligation to provide the conditions for their perfection.⁷

In the history of philosophy, perfectionism has long gathered support (for example Aristotle, Aquinas, Marx, Nietzsche, and Hegel all endorsed the foundational idea of perfectionism). But contemporary political philosophy has tended to regard perfectionist theories with scepticism. The charge that has often been made is that perfectionism is hostile to the values of liberty and autonomy. There are serious concerns that, “because perfectionism thinks that some lives are better than others, regardless of whether people want or would choose them, it favours state coercion to force people into excellence.”⁸ As a consequence, as perfectionist theories of the good accept that someone’s choice be infringed if it worsens rather than “perfects” the realisation of some basic human constituents, whether in that person’s own life or in other people’s lives, perfectionism has often been associated with a *paternalist* theory, according to which it is legitimate to restrict an adult’s liberty and autonomy for the sake of his or her own good.

Often opposed to perfectionism, *liberalism* is characterised by respect for the freedom of people to pursue their own conception of the good, since a policy that gives incentives for people to live in a certain way, namely the way that most perfects human

⁷ Although one could argue that conceptions of the human good seen in terms of human needs such as the one developed by Doyal and Gough (1991) also fall under the range of objective but non perfectionist theories of the human good, they are in fact implicitly perfectionist in the sense that, by pointing out certain needs that human beings are to fulfil if they are to live a human life, theories of human needs implicitly involve a moral claim that social arrangements are to be put in place so that no human being should be lacking a human need.

⁸ Hurka (1993:147).

life, threatens the freedom of each human being to pursue the good she desires to pursue. The government cannot limit individual liberty for the reason that some activities are more worthy of pursuit than others. The state should remain neutral in defining what the good life is, and should limit itself to “promoting the general welfare of the citizens by providing them the resources they need in order to lead lives of their own choosing.”⁹ Each individual is the best judge of what is good for her, and one should not interfere with individual choices, unless her choice infringes on someone else’s freedom. This is known as Mill’s non-harm principle: “The only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others. His own good, either physical or moral, is not a sufficient warrant.”¹⁰ Liberalism can be considered here as a form of anti-paternalism that asserts that the government cannot limit the freedom of adults to pursue what they consider as good.

In contemporary Anglo-Saxon political philosophy, liberal (and objective) theories of justice have prevailed. John Rawls’s theory of justice has been by far the most influential theory and cannot be avoided in any discussion about justice. Rawls’s theory of justice¹¹ is based on the assumption that, in liberal democracies, “equal citizens have different and indeed incommensurable and irreconcilable conceptions of the good.”¹² The goal of Rawls’s political liberalism is to find a political conception of justice, which people with different conceptions of the good can endorse, a political conception that will be “an overlapping consensus”¹³ between these different conceptions. Using the device of

⁹ Kraut (1999:315).

¹⁰ Mill (1859: 223).

¹¹ As John Rawls’s first theory of justice published in 1971 under “*A Theory of Justice*” has been revised in 1993 under “*Political Liberalism*”, this dissertation will only focus on Rawls’s theory of justice advanced in *Political Liberalism*, and will not discuss the differences between the *Theory of Justice* and *Political Liberalism*.

¹² Rawls (1993:303).

¹³ Rawls (1993:134).

the “original position”¹⁴ where people are under a veil of ignorance, that is, “the parties [in the original position] are not allowed to know the social position of those they represent, or the particular comprehensive doctrine of the person each represent,”¹⁵ Rawls establishes a list of primary goods, goods which are necessary for people to conceive and pursue whatever their conceptions of the good and conceive their conceptions of justice: “We stipulate that the parties [in the original position] evaluate the available principles [the principles of justice that will better protect the different conceptions of the good] by estimating how well they secure the primary goods essential to realize the higher-order interests [the conception of the good] of the person for whom each acts as a trustee.”¹⁶ These primary goods are:¹⁷ a) basic rights and liberties; b) freedom of movement, freedom of association and freedom of occupational choice against a background of diverse opportunities; c) powers and prerogatives of office and positions of responsibility in political and economic institutions of the basic structure; d) income and wealth and finally; and e) the social bases of self-respect.

Although perfectionist and liberal theories are often dichotomised, they need not be and there are forms of perfectionism that can be liberal.¹⁸ As it is beyond the scope of this dissertation to enter into the different forms in which perfectionist theories can be mixed with liberal theories at the theoretical philosophical level,¹⁹ this dissertation will limit itself to analyse how these two major theories of the human good appear in the capability approach to development, and will explore the different implications that a liberal or perfectionist capability approach entails for the removal of unfreedoms.

¹⁴ Rawls (1993:22).

¹⁵ Rawls (1993:24).

¹⁶ Rawls (1993:75).

¹⁷ Rawls (1993:181).

¹⁸ See for example the liberal perfectionism developed by Joseph Raz in Raz (1986).

¹⁹ See De Marneffe (1998) for a detailed discussion of the various forms of liberal and perfectionist theories of the good.

1.2 Preferences, capabilities and reasons

Sen's capability approach emerged as a powerful critique of the preference approach to human well-being.²⁰ The basic critique Sen's capability approach presents against preference-based approach to well-being is that people's preferences can be severely deformed, and that therefore, they are an unreliable guide not only for undertaking development policies but also for assessing them. This chapter will not summarise the extensive critiques that Sen has made regarding the evaluation of human well-being in terms of preferences, which have already been carefully summarized by others.²¹ The point that I would like to stress is that Sen's critiques have focused on the failure of the preference-approach to well-being to address the reasons that people have for revealing such or such preference. For example, if oppressed women in sexist societies show a negative preference towards education, such a preference needs to be considered in terms of the reasons that underlie that preference, namely the oppressive sexist structures in which women have grown and which they have internalised into their own beliefs. Despite the fact that the assessment of human well-being has been shifted from preferences to the capabilities that people have reason to choose and value, the same objections that Sen's capability approach has been making against the revealed-preference approach seem also to apply to Sen's capability approach itself. Namely, situating the evaluation space of well-being in terms of the capabilities that people have

²⁰ One could argue that Sen's capability approach actually involves much more than an approach to human well-being which offers an alternative to the preference approach. For example, the distinction between agency achievement, agency freedom, well-being achievement and well-being freedom is indeed an important aspect of Sen's capability approach (see chapter 1 section 2). More recently, Sen has rendered his conception of freedom even subtler by distinguishing the opportunity from the process aspect of freedom (Sen (2002a)) with the opportunity aspect paying attention 'to the ability of a person to achieve those things that she has reason to value', and the process aspect paying attention to 'the freedom involved in the process itself' (p. 10). However, as the object of this dissertation is to examine Sen's capability approach in its capacity for providing theoretical insights for promoting human well-being, the capability approach will be considered throughout as an approach to human well-being for which human well-being is composed of the freedoms to pursue valuable functionings, and for which the agency to bring about the goals that a person values is intrinsically linked to human well-being goals.

²¹ See for example Sen (1982, 1985b, 1999b: chapter 3, 2000b). See Alkire (2002a, b) for a detailed summary of Sen's critiques of the preference-based approach to human well-being.

reason to choose and value does not make a normative judgement on the contents of the reasons that people have to choose and value certain capabilities.²²

A public opinion poll made in 2001 in the Dominican Republic published the following results regarding what people thought of to be the most pressing issues that the government had to deal with:²³ electricity shortages (30% of the population saw it as most pressing issue), followed by the high cost of living (24 %), followed by high criminality rate (14 %), unemployment (12%), and finally education (4%). Assuming that people's views should guide decisions, the capabilities that people have reason to choose and value should hence follow these priorities: the capability to conduct electricity-based activities, the capability to buy life necessities at a moderate price, the capability to walk safely in the streets, the capability to have an employment, and finally the capability to be well educated. But because a majority has decided that education is not a priority issue, does that entail that the government must devote few resources to that end? In a country where educational achievements are very low,²⁴ one may doubt that education should be a very low priority. People might value and choose a capability on the basis of wrong reasons. The emphasis on the "capabilities that people have reason to choose and value" may show some deficiencies similar to those of the revealed preference approach as a guide for policy-making.

In response to the critique that the capability approach fails to include a normative assessment of the reasons why people value various capabilities, one could reply that the capability approach insists on the role of public debate to discover the reasons that are valuable from those that are not. What matters are not merely the capabilities that people value and express through opinion polls, but the capabilities that people have reasons to value after discussion in the public space. But affirming the

²² See for example Sumner (1996) for a discussion on the risk of Sen's capability approach ending up being a subjective theory of the good given the "indispensable constitutive role" of individual or social valuing in his account (p. 63).

²³ Economist Intelligence Unit (2001).

²⁴ 16 % of the population is illiterate and secondary school enrolment is low (see chapter 5).

crucial importance and value of human freedom, refraining from specifying the reasons that people might advance to value various capabilities, and therefore leaving the entire exercise of the valuation of capabilities to (democratic) processes, inescapably leads to the risk that the reasons that are expressed through the democratic processes might not be conducive to enhancing human well-being. For example, a country may decide to allocate more resources to the military than to the education sector because the people in that country have expressed, through democratic processes, that the capability for their country to be a nuclear power was more valuable than the capability to eradicate illiteracy. Obviously, this example contains the implicit assumption that such choices are wrong, and that the capability to eradicate illiteracy is more valuable than the capability to be a nuclear power. One may wonder on what grounds one is entitled to affirm this. The route that this chapter endorses and develops in the next sections is that there exist intuitive substantial ideas about what human well-being is. But it remains to show why democratic outcomes need to be critically examined in the light of intuitive substantial ideas about human well-being.

Although this will be the entire focus of the fourth chapter, I would like to bring forward some of the arguments here. One of the main problems with leaving the valuation of the capabilities to what people have reasons to choose and value, is that they may value capabilities on the basis of reasons that are good for themselves as particular individual human beings, but not good for themselves as members of a wider human community.²⁵ For example, a person may vote in favour of a tax cut that benefits her but that deprives the society as a whole of generating resources to help the worst off. This problem is particularly acute in the case of Costa Rica. The Costa Rican economy is experiencing a deep fiscal crisis that requires certain policy decisions in order to ensure the survival of the welfare state. The government is trying to solve the crisis in a participatory way, according to what people think the government should do. But if each particular group tries to advance its own interests, making decisions according to what people or groups

²⁵ Richardson (2002).

have reason to choose and value (the capability to pay light taxes) and not making decisions according to what, *collectively*, people have reason to choose and value, the process may have long term negative consequences for the whole country.

Moreover, even though people might collectively have strong reasons to choose and value certain capabilities and undertake the necessary actions to provide the conditions for these capabilities (for example people may collectively decide that each person should have the capability to be healthy and take the necessary actions to provide free public health services for all), they might face constraints that make them unable actually to choose what they have good reasons to choose and value. For example Costa Ricans in 1981 had strong reasons to choose and value to continue their policies of securing the capability for health and education for all. Yet there were international constraints (such as the oil crisis which led to a surge in interest rates), which entailed that Costa Ricans simply did not have the possibility to choose what they had strong reasons to choose and value. Prevailing world ideologies also act as powerful international constraints which obstruct a country's capacity to pursue what it has reason to choose and value. For example, a world ideology that grants a bigger role to the market often leaves countries with little choice other than privatising some public services.

Another major problem with leaving the choice of valuable capabilities to the democratic processes for expressing what people have reason to choose and value is that democratic processes occur within structures of inequalities. Because of these structures, the reasons that are expressed will often be the reasons advanced by the most powerful (the literature on deliberative democracy has especially pointed out how the silence of the less privileged is often turned into consent by the most powerful, as chapter 4 will develop).

If the capability approach is a theory guiding and assessing development policies according to what people have reason to choose and value, it seems hence that the approach crucially requires an account of the "good reasons" that people may advance to

value such or such capabilities, given the limitations of democratic processes in defining these “good reasons” (given for example structures of inequalities, external constraints or lack of collective awareness). Sen remains however very cautious in advancing any such “good reasons”, and he has good reasons to be so. Indeed, what might appear as a “good reason” at a particular time may not appear as good at another, and what might appear as a good reason in a particular culture may not appear as good in another culture. For example, in Medieval Europe, there were “good reasons” to burn witches and people had “good reasons” to consider the capability to live in a witchcraft-free environment as something valuable to pursue, given the theological perceptions of the time. But in contemporary Europe, these “good reasons” have changed, and we have indeed now “good reasons” not to burn women in public places and not to value the capability to live in witchcraft-free environment. Similarly, a particular society such as a nomadic tribe, may have “good reasons” not to value the capability for education because sending its children to a sedentary school would threaten the survival of the nomadic culture. But in another culture, if some parents refuse to send their girls to school because of their gender, that society has no “good reason” not to value the capability for education.

As what counts as a “good” or “bad” reason to choose and value a certain capability is never fixed but always historically and culturally situated, Sen rightly defends his decision not to decide upon the matter, and he consequently deliberately avoids identifying the valuable capabilities that are to be promoted. The capability approach thus does not pretend to contain an exhaustive evaluation of what it is relevant to promote. Capabilities are thus not fundamental “excellences” of human life for which there is a moral obligation to perfection. In that sense, Sen’s capability approach is a liberal political project, and shares with Rawls’s political liberalism the concern for respecting people’s freedom to choose their own conception of the good. Both Sen and Rawls acknowledge the fact that people have different ends and that this must be respected, the difference is that the capability approach puts the emphasis on what

primary goods do to people, since two persons who pursue the same end might need different amounts of primary goods,²⁶ while Rawls limits himself to the primary goods.

Although Sen's capability approach points towards giving some suggestion of good reasons to value a certain set of capabilities like the capability to be well-nourished or to escape avoidable morbidity,²⁷ this suggestion does not provide a framework upon which policy decisions have to be made. Sen's capability approach prefers the open way, emphasising that it is the "capabilities that people have reason to choose and value" which should have the final say in policy decision-making, and not Sen's own views of the matter.

But can the capability approach to development retain its liberalism and its concern for respecting people's freedom to decide what is valuable for them, when the theory becomes a theory guiding policy? Even though there are many good reasons to leave the capability approach unspecified, it seems that, since some content must be given to the relevant capabilities to promote,²⁸ and given the limitations of freedom-based approaches in reaching a consensus over the components of human well-being, the capability approach will have to be less freedom-based and more substance-based. It seems that it will have to rely on certain particular "human excellences" when particular actions are undertaken and assessed on its basis.²⁹ In other words, it seems that refraining, at a theoretical level, from advancing a particular conception of the good, and adopting a freedom-based approach to human well-being, lands those using the capability approach for policy purposes, at the implementation level, in the position of having to adopt a

²⁶ Sen (1999b:70-4).

²⁷ For example Drèze and Sen (1995) identified some basic capabilities that constitute the informational basis on which (Indian) development is to be assessed: the capability to live long, the capability to read and write, the capability to avoid avoidable diseases, the capability to work outside home independently of gender and the capability to take part in the political life.

²⁸ See Desai (1990), Qizilbash (1996a,b), Sugden (1993) for a critique of Sen's reluctance to give a specific content to the capabilities that people have reason to choose and value.

²⁹ For a similar claim that Sen's capability approach, though not explicitly perfectionist, points towards perfectionism, see Arneson (2000:46-7).

particular stance about what are the good and valuable constituents of human well-being to promote, despite Sen's reluctance to make his capability approach hold such position.³⁰

Refraining from taking a particular stance about values (in this case, the value of what counts as valuable constituents to human well-being) has been a well-rooted ambition of the science of economics, an ambition left as a legacy by the logical positivists.³¹ Hilary Putnam has long argued that the attempt to building a value-free social science has failed, given the fallacy of the fact/value dichotomy, which disconnects scientific statements from value judgements, the former being "empirically verifiable" and the latter being "unverifiable".³² Although these should be *distinguished*, Putnam emphasises that they should not be *dichotomised*. Fact and value judgements, descriptive and evaluative concerns, should remain deeply entangled.³³

Sen's capability approach does obviously not share the criticism that can be made of economic theorists who, on the ground of building a value free science, hide behind their formalism the (disputed) values upon which their theories are built. The capability approach explicitly stands firm in holding a heavily value-laden approach to economics where the fact/value dichotomy does not hold.³⁴ And it leads to a conception of development that is inevitably "based on a particular class of values,"³⁵ as to what counts as development. However, behind its reluctance to take a stand on what the content of

³⁰ Although Sen is well aware that "there is no escape from the problem of evaluation in selecting a class of functionings – and in the corresponding description of capabilities" [Sen (1992:44)], and that one will have to give a specific content to capabilities if his capability approach is to be operationalized, he insists however that it is up to the underlying concerns and values of each society to do that specification task. My argument here is that the capability approach, as a development theory, cannot remain silent about what the "capabilities that people have reason to choose and value", and that the specification task needs to be done at the theoretical level too.

³¹ See Putnam (2002), Walsh (1996).

³² Putnam (1993:143). See also Putnam (1981, 1990) for a similar argument.

³³ Putnam (2002).

³⁴ Putnam (2002), Sen (1987a), Walsh (2000).

³⁵ Nussbaum and Sen (1989:299).

human well-being is, the capability approach hides unavowed positions about the good, positions that it can no longer hide when the theoretical framework is put into practice.³⁶

But there is another strong element of liberalism in Sen's capability approach that appears less sustainable when it comes to guiding and assessing policies, namely its emphasis upon assessing human well-being on the basis of individual capabilities, or individual freedoms.³⁷

1.3 Capabilities vs. functionings

Sen's capability approach has emphasised that policies should be assessed in the *capability space*, and not in the space of functionings. But how can indeed the capability approach provide the theoretical framework to assess a country's success in giving people the necessary opportunities to function well, except through looking at how people have actually been functioning? Freedom cannot easily be observed unless it has been exercised. Sen acknowledges that, given data restrictions and given the difficulties in evaluating the exercise of freedom, one will often have to focus on the observed functionings, on the observed exercise of freedoms rather on the freedoms themselves: "Ideally, the capability approach should take note of the *full extent of freedom to choose between different functioning bundles*, but limits of practicality may often force the analysis to be confined to examining the achieved functioning bundle only."³⁸ Practically speaking, given the lack of adequate information, it will often be impossible to respect the

³⁶ One could object that giving an account of what the human good is, had never been the ambition of Sen's capability approach. But as the previous chapter underlined, although Sen particularly values what can be called a "thin perspective" to his capability approach, i.e. the capability approach only advocates an alternative space for well-being evaluation, the internal dynamics of his capability approach points towards a "thick perspective", where the capability approach offers certain guidelines to arrange societies in particular ways. And it is precisely considered within that thick perspective that the capability approach cannot hide anymore unavowed positions about the good.

³⁷ As Sen has started to use "individual capabilities" and "individual freedoms" as synonyms since the publication of *Development as Freedom*, I will use interchangeably the terms capabilities and freedoms to refer to "the abilities to do valuable acts or reach valuable states of being".

³⁸ Sen (1992:53). Italics are mine.

freedom of people to choose between different functionings. As the capability set is not often directly observable in practice, one will have to rely on the observed functionings rather than the capabilities in order to assess the successes of development policies in promoting human well-being.³⁹

It is interesting to note that, at its theoretical level, Sen's capability approach has many resemblances with the utilitarian consumer theory, with the focus on the freedom to choose to consume a particular bundle of functionings rather than on the preference to consume a particular bundle of market goods. What matters is not so much the quality of life that people are actually living, but the quality of life that they *choose* to live among an available set of functionings. In Sen's capability approach, the aim of development policies is to provide people with as many different functioning bundles as possible so that people can have the choice to pick some of them up, should they choose to do so. But such a capability approach is a theory of individual choice, which has little to offer for guiding collective choices. First, collective choices, such as the government's actions to provide its population with the conditions for them to live long and healthy lives through the provision of public health services, cannot be assessed at the level of each individual's freedom to choose that particular functioning but will have to be assessed at the level of each individual's achievements and not each individual's freedoms, as the Human Development Reports attested. And second, collective choices cannot be undertaken on the basis of the freedom of individuals to choose different functioning bundles. This is why the freedoms or capabilities that development policies should promote are to be understood as good states of doings or beings rather than possible states of beings or doings, should one choose to exercise these states or not.

³⁹ Sen also advances the argument that focusing on the functioning rather than the capability is justified when nobody would anyway choose not to exercise the capability, such as for example the capability to live in a malaria-free environment.

But the capability approach will not only have to be less liberal in assessing actions, it will also have to in undertaking actions. Actions will often have to be guided by the concern of making people function in one way or another, sometimes against their own will, rather than by the concern for giving them the opportunities to function should they choose so. Indeed it does not always seem desirable that people are left free to choose whether they want to make use of certain opportunities to achieve certain functionings. As the Costa Rican case study will show, the major decision that explains Costa Rica's high human well-being achievements was the decision to require universal primary education at the end of the nineteenth century, through imposing sanctions on the parents who did not comply with the decision. Such a decision might seem an unjustified intervention in people's life, and a deep infringement on their freedom to choose to achieve the functioning "reading and writing". But such a decision was necessary in order to give the necessary incentives for all the parents to send their children to school. One could object that it was not the well-being of free adults that was involved but the well-being of children who were too young to make decisions for themselves. And in this case, it was justified to interfere with their parents' decisions so that the children, once they were free adults, would not suffer the consequences of their parents' bad decision. But some interference also occurs when only adults are involved. For example many countries have strong regulations regarding seatbelts and impose sanctions upon drivers who choose not to wear seatbelts because they have chosen not to value the functioning of driving safely. Although paternalism is a word that modern liberals find difficult to accept, because it is an infringement on the freedom of people to lead the life they choose to live, "it is equally difficult to avoid in practice."⁴⁰

The unavoidability of paternalism in organizing life in society is especially salient in the presence of externalities. If government interference is commonly accepted in neo-classical economics when externalities need to be corrected, similarly government interference, and taking actions against people's choices, seems also required within the

⁴⁰ New (1999:63).

capability approach, making legitimate the restriction in individual freedom for the greatest well-being of all. For example, when dealing with environmental problems, it is more relevant that policies ensure that people *do* live in a non-polluted environment, rather than make them able to do so, should they choose or not. Taking the example of an individual who chooses not to live in a non-polluted environment, and throws her rubbish into the river instead of buying special recycling bags, letting that individual choose freely makes other individuals unable to live in a non-polluted environment. Given that individual choices have important consequences upon other people's lives, and given that an individual never lives alone and that human choices are deeply interconnected with other people's lives, the focus on individual capabilities rather than functionings as political goal may lead to important losses in well-being.

One of the core arguments of the liberal standpoint is that one cannot interfere with someone's choices unless it inflicts harm on others (inflicting harm on oneself, at least in the case of adults, does not justify interference).⁴¹ The above example about the capability to live in a non-polluted environment entirely respects this liberal principle since, by preventing someone from throwing rubbish on the street, one prevents a harm done to others.

It seems however that the capability approach and its necessary focus on functionings goes beyond Mill's non-harm principle. For example, when women make decisions not to go to literacy classes, they may not know that this is harming them because it leaves them with few opportunities to defend themselves against oppressive (male) structures. One can indeed take a decision that will harm oneself without being aware of the harm inflicted by one's free choice. The capability approach would advocate that necessary information be given to women through literacy campaigns so that they

⁴¹ It is to be underlined that Mill's non-harm principle reflects a conception of the individual disconnected from the outside world. If one takes a conception of the individual having a membership to a community as constitutive of its individuality, Mill's non-harm principle then never justifies a chosen harm to oneself since no self-harming action can be found non-harmful to others, because whatever harm I voluntarily cause to myself might harm a person who loves me.

they become aware of how harmful it is for them not to be literate and educated. These information campaigns will be closely linked with giving the necessary incentives for people not to harm themselves. What matters then is not only “making choices available to people” but also “changing the incentives offered to them,”⁴² so that they are encouraged to make a choice that policy-makers have chosen to be valuable. By giving incentives to act in a certain way, a policy restricts the freedom of adults to behave the way they choose to, although giving incentives does not restrict their freedom in the same way as compelling them to take certain actions.

The so-called paternalism, or the interference with someone’s choice on the ground that the person’s choice is harming that person or her fellow society members, is unavoidable in practice. Given the unavoidability of paternalism in practice, Sen’s capability approach cannot remain neutral with respect to a certain conception of the human good, and has to take a position about the characteristics or “excellences” that make a human life worth living if the approach is to provide theoretical insights for undertaking actions towards well-being enhancement. In other words, the objective and liberal theory of the good in Sen’s original capability approach has to be transformed into an objective and perfectionist theory of the good. Freedoms are transformed into certain fundamental properties to human life, and these properties are to be perfected. This is the position that Martha Nussbaum’s capability approach has taken.

2. Freedom and its tensions in Nussbaum’s capability approach

2.1 A thick vague theory of the good

Martha Nussbaum notes that, “just as people can be taught not to want or miss the things their culture has taught them they should not or could not have, so too they can be taught not to value certain functionings as constituents of their good living.”⁴³ Therefore,

⁴² Richardson (2000a:317).

⁴³ Nussbaum (1988:175). Sen has no objection to Nussbaum’s project of eliminating the incompleteness of his approach, but he fears that “this is the only route”, because “this view of human nature [with a unique list of functionings constituting a good human life] may be tremendously overspecified.” [Sen (1993:47)]

the capability approach will encounter the same deficiencies as the desire approach to human well-being if no effort is made at specifying further the functionings and capabilities that are valuable to be promoted. Nussbaum argues that, as the choice of what is valuable and relevant can be the product of structures of inequalities and discrimination, one needs to go beyond the deliberate incompleteness of Sen's capability approach, if the quality of the lives of the destitute, poor and marginalized is to be assessed.

Nussbaum's capability approach emerged as an attempt to reconcile universalist approaches to development while responding to their relativist critiques. According to relativist development theorists, holding one understanding of human well-being as something to be pursued through development (by for example pursuing literacy, certain sanitation or health standards) is a pattern of domination, and development is then nothing more than a synonym for Western imperialism.⁴⁴ Relativist development theorists conclude that, "we have to stop believing that improvement in welfare is something only "we" can do for "them", we have to stop trying to quantify and measure the quality of life (or other indicators of development) because these measurements become a licence to intervene in "their" lives on the ground that "we" know what is objectively and undoubtedly "good for them"."⁴⁵ Since the understanding of human life varies with history and culture, historical and cultural differences ought to be paid respect. But holding such a position is not without consequences, namely, under the banner of protecting cultures and traditions, it risks hiding various types of oppression, domination and violence.⁴⁶

This is why, in order to hold a universalist position that is responsive to cultural variations, Nussbaum grounds her capability approach on what she calls, an internalist essentialist position. It is a position that can be seen as "an historically grounded

⁴⁴ For a relativist approach to development, see especially Marglin and Marglin (1990, 1996), Sachs (1992).

⁴⁵ Banuri (1990:66).

⁴⁶ See for example Nussbaum (1992, 1994), Nussbaum and Glover (1995) and O'Neill (1993).

empirical essentialism taking its stand within human experience, [as] an evaluative inquiry into what is the deepest and most indispensable in our lives.”⁴⁷ On the basis of this internalist essentialist position, she derives fundamental experiences that all humans share and that can be regarded as the characteristic activities common to every human being. Insofar as we recognise human beings as humans, Nussbaum argues that there must be an essentialist basis as to what human life consists of, and as to what deprives human life of its full human character. She distinguishes grounding human experiences that all human beings share and find worthwhile, such as the experience of mortality, of the human body, of practical reason, of affiliation with other human beings, of relatedness to other species and to nature.⁴⁸ In each of these human experiences, the human being will respond in some way rather than another, namely the best possible way.⁴⁹ For example, in the sphere of the human body, a human being will try to respond by being healthy, by being adequately fed and sheltered. So, to each sphere of human experience correspond best possible ways to respond to them. Or in other words, to each human experience corresponds a set of functionings, which can then be defined as best ways to function within the spheres of human experiences.

Nussbaum bases her argument on Aristotle’s “function argument”,⁵⁰ and which defines the human good in performing well the characteristic activities of being human. Aristotle identifies the function of a human being with the activity of her soul according to reason, that is, in the exercise of virtues.⁵¹ After identifying the function of the human

⁴⁷ Nussbaum (1992:208), see also Nussbaum (1995a).

⁴⁸ See Nussbaum (1988, 1990a, 1992, 1993, 1995b).

⁴⁹ One may object that human beings do not necessarily respond the best possible ways to human experiences. They might for example respond to the relatedness to nature by polluting the environment. But Nussbaum considers here Aristotle’s “function argument” not as a pre-moral argument but as something that implies already something normative. What is good to human beings is not merely how they respond to human experiences, but how they respond *well* to these. See for example Whiting (1988) for a discussion of the normative character of the function argument.

⁵⁰ *Nicomachean Ethics* 1097^b33-1098^a17.

⁵¹ A virtue is not to be considered as a moral character but has to be considered as “an excellence in whatever activity, it is a natural disposition of the body or the soul.” (*Ethique à Nicomaque*, transl. J. Tricot, p. 44,

being with the exercise of virtues, Aristotle proceeds with an inquiry into the specific content of virtues, or excellences of the soul. He isolates spheres of human experiences that can be observed in human life, spheres in which any human being will have to make *some* choices rather than others, and in each sphere he determines the adequate behaviour or the proper excellence or virtue, i.e., how the soul will best respond to that sphere of experience. For example, moderation will be the virtue in the sphere of bodily appetites, justice will be the virtue in the sphere of the distribution of scarce resources, friendship the virtue in the sphere of relationships with others, etc. That adequate behaviour might itself change within the same experience and the same virtue will have different expression according to the context. Similarly, each of the functionings in Nussbaum's list is to be seen as the adequate behaviour to each characteristic experience of human life.

Nussbaum argues that, since human beings are not passive but active in shaping their own life, since freedom is the most important characteristic of human beings, it is important not to make people function in a certain way, but to make them *able* to function in a certain way. The focus should hence be on giving people the opportunities to function, and on letting them be free to use these opportunities, should they choose to do so or not. On the basis of fundamental human experiences, Nussbaum sets a list of central human capabilities, or abilities to satisfy central human functionings up to certain minimally adequate levels, and up to the limit permitted by natural possibilities.⁵²

Each of the central human capabilities is conceived as equally fundamental to each human life. This implies that a life that is lacking any one of these capabilities will fall short of being a "good human life". The list of central human capabilities is qualified as a "thick vague theory of the good."⁵³ Because human life is what it is, constituted in a universal way of some fundamental characteristics, the list of central human capabilities

footnote 1). A virtue, in the Greek sense of *arête*, is thus a disposition to act well which need not necessarily be a quality of one's character to act well.

⁵² See Nussbaum (1988, 1990a, 1992, 1993, 1995b).

⁵³ Nussbaum (1990a:217, 1992:214).

is a normative political agenda, it is a guide for the evaluation of policies in their pursuit of the good, in their ability to provide the conditions for its citizens to live flourishing human lives. Her theory is hence “thick” because it deals with human ends across all areas of life – “There is just one list of functionings that do in fact constitute human good living”,⁵⁴ – and “vague” because it allows for many concrete specifications and only draws an outline sketch of the good life.⁵⁵ Her capability approach can hence be seen as a perfectionist conception of the good that any society has the moral obligation to pursue. It can be seen as a theory that sets the limits within which human freedom is to be exercised, and that provides a guide as to what necessary institutions a government has to put in place so that people may live worthwhile human lives. However Nussbaum’s perfectionism remains a liberal version of perfectionism, in the sense that the task of development policy is not to promote some “perfections” or “excellences” of human life (the central human functionings) but the opportunities to exercise these perfections. It is up to each individual’s choice whether she shall make use of these opportunities.

Nussbaum, like Sen, criticizes Rawls who, by focusing on the goods themselves, jumps over the question of what these goods can really do for people. Her Aristotelianism argues that the worth of primary goods “cannot be properly assessed if we do not set it in the context of a thicker theory of good living. His [Rawls’s] list omits the really “primary” items; and it ascribes independent significance to items whose worth can only be seen in connection with the truly primary items.”⁵⁶ For example, it is good possessing wealth only if it leads to better functionings. If someone’s greater wealth leads her to

⁵⁴ Nussbaum (1988:152).

⁵⁵ Nussbaum (1990a) proposes two different ways of specifying further her thick vague theory of the good: a plural specification which involves that “the political plan, while operating with a definite conception of the good at the vague level, operates with a sufficiently vague conception that there is a great deal of latitude left for citizens to specify each of the components more concretely, and with much variety, in their lives as they plan them” (p. 235); and a local specification which aims “at some concrete specification of the general list that suits and develops out of the local conditions, in participatory dialogue with those who are most deeply immersed in those conditions.” (p.225)

⁵⁶ Nussbaum (1988:152).

have a more stressful life and bad eating habits, then having more wealth should not be considered as good since it is likely to lead to more health problems. Although Nussbaum emphasises the centrality of *human freedom* (understood as *human choice*), she rejects Rawls's position that the constituents of a good human life have to be left to the choices of individuals and that policy should focus on the distribution of primary goods and leave individuals free to pursue their own conception of the good as they see it. Her capability approach stresses that there are constituents to a human life that all humans share as being worthwhile, whether one will choose those constituents as part of one's life or not.

The common point between Rawls and Nussbaum, however, is that both grant primary importance to the freedom to make choices regarding one's own life. This is why capabilities, and not functionings, are made the political goal because practical reason (and the freedom to choose) is what makes life human. The difference is that Nussbaum argues that primary goods have no intrinsic value and are only instrumental to other goods. The objective of development policy is not a matter of distributing goods as if these goods had a value in themselves but is a matter of giving the opportunities to each human being to live in a certain way rather than another. Government actions should be directed at making sure that all human beings have the necessary resources and conditions for this, but the government should leave the choice of making use of these resources to the individual.

Unlike Sen's, Nussbaum's capability approach shows much less faith in freedom-based approaches for defining human well-being. Because of structures of oppression, she argues, the reasons that people express for valuing such or such capabilities may not always be good, and therefore Nussbaum establishes a substantial list, though vague, of components that she views central to any human life. If, for example democratic processes in a country decide that none of these central human capabilities is valuable, and that the capability to be a supra-military power is the most valuable capability for the government to pursue, then Nussbaum's capability approach has something to say against

that decision, and that decision can legitimately be revoked on the basis of the substantial list, whereas in Sen's freedom-based approach to human well-being, the only possible road to be taken was a strengthening of the democratic processes that would lead to more "correct" outcomes. Nussbaum's capability approach is not however totally without faith in freedom-based approaches to human well-being since her substantial list is left vague, allowing for plural and local specification according to democratic processes (provided that the outcome be compatible with the elements of the vague list).

Like Sen's, Nussbaum's capability approach emphasises the centrality of capabilities for functionings rather than the functionings themselves because freedom of choice is seen as the most central aspect of human life. But unlike Sen's, by linking the capabilities to a list to corresponding functionings, her capability approach does not take freedom of choice as the central aspect of a theory of development, but takes the freedom to choose a *certain* set of functionings as the most central aspect.

2.2 A politically liberal capability approach

Since the mid-1990s Nussbaum has shifted the overall perspective of her capability approach considerably.⁵⁷ She now takes her list of central human capabilities that had been built on the theoretical foundations of internalist essentialism, and places it within the framework of a Rawlsian political liberalism: "I now understand the list of central human capabilities as the core of a *specifically political form* of liberalism, in the Rawlsian sense. I imagine that citizens of many different comprehensive conceptions can all endorse the items on this list, as things that are essential to a flourishing human life, whatever else that life also pursues and values. [...] The starting point involves the recognition of reasonable disagreement about the good, and things are designed in such a way that Muslims and Jews, Hindus and Christians and atheists, can all endorse the political scheme as one that maximally protects their own freedom to plan a life course

⁵⁷ Nussbaum (1997a, 1998a,b, 1999, 2000a, c).

that is distinctive and different from that of others.”⁵⁸ Nussbaum’s list of central human capabilities appears in her last version as follows:⁵⁹

1. Life: Being able to live to the end of a human life of normal length; not dying prematurely.
2. Bodily health: Being able to have good health, including reproductive health; to be adequately nourished; to have adequate shelter.
3. Bodily integrity: Being able to move freely from place to place; to be secure against violent assault, including sexual assault and domestic violence; having opportunities for sexual satisfaction and for choice in matters of reproduction.
4. Senses, imagination, and thought: Being able to use the senses, to imagine, think, and reason – and to do these things in a “truly human” way, a way informed and cultivated by an adequate education, including, but by no means limited to, literacy and basic mathematical and scientific training. Being able to use imagination and thought in connection with experiencing and producing works and events of one’s own choice, religious, literary, musical, and so forth. Being able to use one’s mind in ways protected by guarantees of freedom of expression with respect to both political and artistic speech, and freedom of religious exercise. Being able to have pleasurable experiences and to avoid non-beneficial pain.
5. Emotions: Being able to have attachments to things and people outside ourselves; to love those who love and care for us, to grieve at their absence; in general, to love, to grieve, to experience longing, gratitude, and justified anger. Not having one’s emotional development blighted by fear and anxiety.
6. Practical reason: Being able to form a conception of the good and to engage in critical reflection about the planning of one’s life. (This entails protection for the liberty of conscience and religious observance.)
7. Affiliation: A. Being able to live with and toward others, to recognize and show concern for other human beings, to engage in various forms of social interaction; to be able to imagine the situation of another. (Protecting this capability means protecting institutions that constitute and nourish such forms of affiliation, and also protecting the freedom of assembly and political speech.) B. Having the social bases of self-respect and non-humiliation; being able to be treated as a dignified being whose worth is equal to that of others. This entails provisions of non-discrimination on the basis of race, sex, sexual orientation, ethnicity, caste, religion, and national origin.
8. Other species: Being able to live with concern for and in relation to animals, plants, and the world of nature.
9. Play: Being able to laugh, to play, and to enjoy recreational activities.

⁵⁸ Nussbaum (1998b:284-5).

⁵⁹ Nussbaum (2000c:78-80).

10. Control over one's environment: A. Political: Being able to participated effectively in political choices that govern one's life; having the right of political participation, protections of free speech and association. B. Material: Being able to hold property (both land and movable goods), and having property rights on an equal basis with others; having the right to seek employment on an equal basis with others; having the freedom from unwarranted search and seizure. In work, being able to work as human being, exercising practical reason and entering into meaningful relationships of mutual recognition with other workers.

The list is more comprehensive and defined than Rawls's original list of primary goods, but the idea is the same: to propose goods that it is necessary for people to dispose of, whatever their tradition and conception of the good life. The idea is "to put forward something that people from many different traditions, with many different fuller conceptions of the good, can agree on, as the necessary basis for pursuing their good life. The list of functionings is proposed as the object of a *specifically political consensus*."⁶⁰

Nussbaum proposes a more comprehensive list than Rawls for three reasons.⁶¹ First, individuals vary in their ability to transform primary goods into functionings. Second, even though resources are equally spread, hierarchical structures often prevent individuals from making use of these resources (this is why it is better to look at what individuals are able to do rather than looking at the available resources). Third, the choice of a conception of the good is not always free—remaining neutral and not interfering sometimes validates structures of oppression. Given these reasons, Nussbaum puts forward a more comprehensive list of what people are able to be or do rather than a list of resources, a list that "can be endorsed *for political purposes*, as the *moral basis of central constitutional guarantees*, by people who otherwise have very different views of what a complete good life for a human being would be."⁶² As in Rawls's political liberalism, the role of the state should not be to provide the opportunities for people to pursue a certain type of life, a type that is judged more valuable than others, but should "seek only to

⁶⁰ Nussbaum (1999:40).

⁶¹ Nussbaum (1998a:314-6).

⁶² Nussbaum (2000a:124, 2000c:74).

provide a neutral framework within which people can make their own individual choices, and protect the rights that people have to revise and pursue their conceptions of the good.”⁶³

Instead of presenting her list as a thick vague theory that constitutes a perfectionist conception of the good that the government (and other institutions, or individuals between themselves) has the moral obligation to provide, central human capabilities are now considered as constitutional guarantees that the legislator has to provide, whatever the conception of the good that individuals pursue. The list of human capabilities is not grounded on a “theory of human being that goes beneath politics.”⁶⁴ This means that her theory of the good does not presuppose any particular comprehensive (religious, philosophical or moral) doctrine. The theory is “elaborated from ideas implicit in the shared public political culture, and so does not depend upon the truth of any particular conception of what human life as a whole ought to be.”⁶⁵ The list is seen merely as the result of a general consensus among different people having different conceptions of the good: “We can see the list of capabilities as like a long list of *opportunities* for life functionings, such that it is always rational to want them whatever else one wants. If one ends up having a plan of life that does not make use of all of them, one has hardly been harmed by having the chance to choose a life that does.”⁶⁶ Her capability approach so modified is assumed to give more space for historical and cultural differences, so that people who have different conceptions of the good are respected. Table 2.1 summarises the main differences between Nussbaum’s previous and present capability approach.

⁶³ Mulhall and Swift (1996:218).

⁶⁴ Nussbaum (1998b:285).

⁶⁵ Mulhall and Swift (1996:219).

⁶⁶ Nussbaum (1999:45). Italics are mine.

Table 2.1.: Nussbaum’s capability approaches compared

The capability approach within the framework of Aristotelian social democracy	The capability approach within the framework of Rawlsian political liberalism
Objective (and comprehensive) conception of the human good: Capabilities are to be promoted independently of people’s desires (because structures of inequalities and discrimination might distort what people have reason to choose and value).	No conception of the human good: Capabilities are to be promoted because they are the means through which each human being will choose her own conception of the good.
Perfectionism: One list of functionings that constitutes a good human living, and the object upon which human freedom will be exercised (but room for plural and local specification). There are constituents that all humans share and find worthwhile whether people will choose them as part of their life or not.	Non-perfectionism: The list does not constitute a “thick vague theory of the good” but presents elements that people, with different views of the good can endorse as elements that will most protect their liberty.
Internalist essentialism: The constituents of a good human life are derived from an evaluative inquiry into what is the most worthwhile in a human life.	Overlapping consensus: The list is the outcome of an overlapping consensus, it does not rest on a particular comprehensive theory of the good (it has to be noted that the list contains the same constituents as those generated by internalist essentialism).
Liberalism 1: Capabilities as goal: People should be free to make use of the opportunities for functionings (defined substantively through internalist essentialism).	Liberalism 2: Capabilities as goal: People should be free to make use of the opportunities for functionings (defined procedurally through overlapping consensus).

The question remains whether the capability approach framed within the context of Rawlsian political liberalism, as developed by Nussbaum, is adequate to guide development policies and liberate human beings from the unfreedoms that they suffer.

2.3 Freedom and human well-being

Nussbaum’s capability approach is based on the fundamental liberal view that “there is a distinctive human good expressed in the freedom we give our fellow citizens to make choices that we ourselves may hold to be profoundly wrong, unless it inflicts

manifest harms on others.”⁶⁷ Someone cannot be prevented from choosing against her own good. Interfering with someone’s freedom is only justified if the exercise of freedom impinges on someone else’s freedom or harms someone else, in accordance with the fundamental liberal principle of Mill’s non-harm principle. If for example, the choice of some to cultivate land entails that others are unable to earn a living, a liberal such as Nussbaum would advocate land redistribution, and limit the production and acquisition of land by some landowners, so that poor farmers could have the opportunity to cultivate land and earn a living. People are free to choose to exercise or not their capabilities provided that the exercise of their freedom does not harm someone else and does not prevent that person from freely exercising capabilities.⁶⁸ But although Nussbaum admits that the freedom of someone has to be restricted if it harms other people, she recognises the right to do wrong to oneself.

However, at a closer look, it seems that Nussbaum’s liberalism violates Mill’s non-harm principle. Interfering with someone’s choice is not only legitimate if that choice harms others, but also interfering with someone’s choice is legitimate when the choice harms the chooser herself. Nussbaum admits the restriction of people’s freedom to function the way they choose, well beyond respect for Mill’s non-harm principle. There are some choices that she considers as wrong, setting the value of choice not so much in the choice itself but on the goodness of the object of choice. Nussbaum writes: “Any bill of rights is paternalistic [...], if paternalism means simply telling people that they cannot behave in some way that they have traditionally behaved and want to behave. The Indian Constitution is in that sense “paternalistic”, when it tells people that it is from now on illegal to treat women as unequal in matters of property, or to discriminate against people on grounds of caste or sex. More generally, any system of law is “paternalistic”, keeping some people from doing some things that they want to do. It is fully consistent to reject

⁶⁷ Nussbaum (1998a:336).

⁶⁸ Nussbaum (2003). She discusses how the freedoms that Sen so strongly emphasises should be given a content (not all freedoms are valuable) and be restricted so that equal freedom for all be respected.

some forms of paternalism while supporting those that underwrite these central values.”⁶⁹ Paternalism, or a restriction of someone’s choice for the sake of her own good, seems thus justified as the imposition of certain universal norms that every human being has to respect, whether she chooses these norms or not. And Nussbaum adds: “My own view is that health and bodily integrity are so important in relation to all the other capabilities that they are legitimate areas of interference with choice up to a point.”⁷⁰

There seems thus to exist capabilities that are so important that interference is justified, and that it is legitimate to have people function in a certain way, whether they choose it or not. If health and bodily integrity justify interventions infringing upon someone’s choices because they are judged as too important as to be left to people’s choices, one could extend the argument to the other central human capabilities. If central human capabilities are to be considered as what is most important in a human life, there is then no reason why knowledge and mental health for example, as being central to a human life, do not justify paternalistic intervention “with choice up to a point.” And if all the central human capabilities that appear on her list are domains where interference is legitimate “with choice up to a point” because these are too central to a human life to be left entirely to individual choices, Nussbaum’s capability approach ends up being less liberal than its designer intended. Although Nussbaum’s approach keeps some faith in a freedom-based approach by leaving the task to democratic principles in each country to define the domain of interference,⁷¹ her approach remains substantive, insofar as there is a background list of elements that the outcomes of processes have to be consistent with.

If Nussbaum’s politically liberal capability approach is a perfectionist capability approach in disguise, it is because, as a theory that has the ambition to be a theory of political action, it has to organize human lives in society, and therefore, freedom of choice has to be considered within the constraint of ensuring a minimum “perfection” of

⁶⁹ Nussbaum (2000c:53).

⁷⁰ Nussbaum (2000c:95).

⁷¹ Nussbaum (2000c:95).

human “excellences” for all. In other words, freedom of choice has to be considered within the constraint of institutions that secure the conditions for all to live flourishing human lives. As Thomas Hurka in his study on perfectionism summarizes it: “No plausible value theory can treat free choice as the only intrinsic good. It must acknowledge some other goods, so that, for example, freely chosen creativity is better than freely chosen idleness, and autonomous knowledge is better than autonomous ignorance.”⁷² This is why any theory aiming at organizing lives in society has to consider freedom of choice as only one component, among others, of human well-being.⁷³

There is another point where Nussbaum’s capability approach within the framework of political liberalism contains some leftovers of her previous Aristotelian perfectionist position. If each human being, whatever her conception of the good life, can endorse these central human capabilities as essential to her life, as Nussbaum claims, is there then not a fundamental set of capabilities inherent in any human life rather than instrumental capabilities to any conception of the good? If one takes for example the case of bodily integrity, could one view it as a capability instrumental to the pursuit of whatever conception of the good that the person might have? If a person has been raped and has suffered a deep violation of her capability for bodily integrity, it seems inadequate to say that the injustice inflicted is a matter of that person being deprived of a means that has stripped her from pursuing her conception of the good. Rather, the injustice “consists in the very fact that her dignity as human being is being denied. She has been deprived of something good that is her due.”⁷⁴ Pursuing justice is not “a matter of setting limits on how we treat each other and distributing all-purpose instruments”, like central human capabilities within political liberalism, but it “presupposes having a view

⁷² Hurka (1993:148).

⁷³ See for example Arneson (2000:59-63), Finnis (1980: 95), Hurka (1993:148-9), Kraut (1999:325), Raz (1986).

⁷⁴ Kraut (1999:328).

about what is intrinsically good or bad.”⁷⁵ A preliminary view of what is intrinsically good or bad in a human life is necessary for action to take place and for justice to be implemented. As the French philosopher Paul Ricoeur states it: “It is from a complaint that we penetrate the domain of the just and unjust. The sense of injustice is not only more striking, but also more adequate than a sense of justice; because justice is often what is lacking and injustice what is reigning, and humans have a clearer vision of what is lacking to human relationships than the right way of organizing them. It is the injustice that sets thought in motion.”⁷⁶

If the capability approach is a development theory aiming at organizing human life in society with the aim of removing the many unfreedoms that people suffer from, then it cannot avoid being based on some idea about the *good* living in that society.⁷⁷ Without such a vision of the “excellences” which make up worthwhile human living, and within which freedom ought to be considered, little action could be taken towards removing the unfreedoms that Sen speaks of.

3. Human well-being and development policy

3.1 Freedom and substance: the dimension option

The above sections have argued that both Sen and Nussbaum’s capability approaches maintained the tension between freedom-based with substance-based approaches for reaching a consensus about what is to constitute human well-being. Sen’s option to leave the choice of what constitutes human well-being to “what people have reason to choose and value”, expressed through democratic processes, contained the danger that people might not always have good reasons to value certain capabilities. As

⁷⁵ All quotes in the sentence from Kraut (1999:328).

⁷⁶ Ricoeur (1991:177). Although action towards human well-being enhancement is provoked in response to a harm, this does not follow that actions are not undertaken on the basis of a conception of the good. There is a one to one correspondence between the harm and the good, whose lack the harm points towards: “We have access to the primordial (goodness) only through what is fallen... I cannot understand treason as evil without judging it by an idea of trust and loyalty in relation to which it is evil.” [Ricoeur (1986:76)]

⁷⁷ For how justice is to be oriented by the good living of the society, see Aristotle’s *Nicomachean Ethics* (NE) 1129^b17-19. See also Taylor (1988) for a discussion about justice and its necessary connection to the good.

the two case studies will show, democratic processes may be flawed by power relationships which sometimes entail that the reasons that are advanced are those of the most powerful; democratic processes may be flawed by decisions made on the basis of individual reasons that are not compatible with collective reasons for valuing certain capabilities; or democratic processes may be flawed by external impositions that trump freedom-based decisions. Nussbaum's approach, by establishing a "thick vague theory of the good", had in that sense been more successful in addressing the flaws of freedom-based approaches to define the valuable components of human well-being that policies ought to promote, but it still heavily stressed the role of freedom in human well-being (in the sense that the aim of policies was to provide the conditions for people to pursue these valuable components, should they choose to), a stress that could have been maintained only with difficulty when the capability approach became a guiding theory for development practice.

I have argued that freedom-based approaches to human well-being, which rely on democratic processes to decide what valuable policy goals a government should pursue, needed to rely on a substantive background according to which the soundness of democratic outcomes could be assessed. This argument is closely linked to a conception of democracy that is not understood as a political system that simply generates decisions but that is understood "as a political system allowing individuals opportunities for informed participation in the political process whose purpose is the promotion of *sound* decisions," whose purpose is "to serve the well-being of people."⁷⁸ Democracy, and more generically the "doctrine of freedom", is to be "moored in a wider conception of the good person and the good society."⁷⁹

Sabina Alkire has reviewed no more than 39 accounts of human well-being that have come from the literature in social sciences and psychology and that could provide

⁷⁸ Raz (1994:102). Italics are mine.

⁷⁹ Raz (1994:106).

such a wider conception of the good person and the good society.⁸⁰ She suggests that the human well-being account advanced by John Finnis is the one that best encompasses all other accounts and that best answers the problem of the non-identification of valuable capabilities in Sen's capability approach. She argues that Finnis's conception of human flourishing is a conception "that (i) enables and requires participatory dialogue in application, but also (ii) has objective foundations and (iii) can coherently engage with and be refined by the large and growing empirical literatures on happiness, subjective well-being, quality of life indicators, and views of the poor – which have not been well-integrated with poverty reduction approaches."⁸¹ Moreover, Finnis's account avoids the critiques that are usually made of "lists" of human well-being, because it "addresses the problem of overspecification by proposing generic dimensions, rather than needs or virtues or capabilities, [and because] the separation between the dimensions of value and ethics or moral obligations is such that the dimensions are not themselves *automatically* human rights or needs which have a one-to-one relation to political obligation, or virtues we should strive to live out or write into constitutions."⁸²

Finnis's natural law theory suggests a conception of the good person and the good society in terms of actions that human beings pursue on the basis of some reasons, reasons that he calls basic human goods. Basic human goods are the final reasons that answer the question why a human being undertakes such or such action.⁸³ Hence, by

⁸⁰ See Alkire (2002a, 2002b:chapter 2).

⁸¹ Alkire (2002b:27).

⁸² Alkire (2002b:76).

⁸³ In contrast to Nussbaum's thick vague theory of the good, basic human goods are not established through looking at what is most indispensable to a human life, but are established through a practical knowledge of human life, which is grasped through actions, through what is reasonable to act upon. Human actions are to be understood through the objects that these actions pursue (see Finnis (1983:21)). This allows Finnis to derive an account of the human good without grounding it in a metaphysical conception of what the human good *is*, although what basic human goods are cannot be detached from what human nature is. If human nature were other than what it was, basic goods would be otherwise (see George (1992)).

looking at what people do and by asking why they do such or such actions, Finnis derives the following categories of basic human goods or reasons for human actions:⁸⁴

- Life, health and safety (as animate, human persons are organic substances);
- Knowledge and aesthetic experience (as rational, humans are able to know reality and appreciate beauty);
- Meaning-giving and value-creation (as rational and animate, humans are able to give meaning to the world and to create value);
- Harmony between and among individuals and groups of persons (living at peace with others, neighbourliness, friendship);
- Harmony between one's feelings and one's judgement and choices (inner peace);
- Harmony between one's choices and judgements and one's behaviour (peace of conscience);
- Harmony between oneself and the wider reaches of reality (harmony with some more-than human source of meaning and value).

Alkire calls these basic human goods *dimensions* of human development so that some idea of space can be introduced: "They [basic human goods] might be called dimensions of human functioning in that they express the complete irreducible dimensions of value, with reference to which the value of "valuable" human functionings could be expressed."⁸⁵ It should be underlined that these dimensions are not moral. For example, an engineer may pursue the dimensions of knowledge and value creation by designing nuclear weapons, just as he can pursue the same dimensions by using his engineering skills to design environmentally-friendly sources of energy. Dimensions of human development are never realised once and for all, since pursuing human well-being is a continuous mode of actualisation rather than a finished state of achievement. Each dimension has equal importance, and there is no objective priority in pursuing one dimension rather than another. This does not mean of course that one will not choose to pursue one dimension rather than another. Choices will indeed have to be made given the scarcity of resources. But choices will always be made in a context of incommensurability and incomparability between the various dimensions, that is, in the

⁸⁴ Finnis (1980), Finnis et al. (1987a,b).

⁸⁵ Alkire (2002b:52).

absence of any measurement or covering value that would allow comparing these dimensions between themselves.⁸⁶ Finnis notes that it is only in such a context of incommensurability and incomparability between different options that free human choice can be exercised, free human choice being defined as “the adoption of one amongst two or more rationally appealing and incompatible, alternative options, such that nothing but the choosing itself settles which option is chosen and pursued.”⁸⁷

Alkire thus concluded that Finnis’s dimension approach to human well-being was the most adequate account in answering the problems of indeterminacy and incompleteness of Sen’s capability approach when the approach was operationalized. She illustrated this with three case studies of micro-projects in Pakistan. But do Alkire’s conclusions still hold when the capability approach is operationalized at the national level and used as a guide for the actions of governments rather than actions of Non-Governmental Organizations?

Using Finnis/Alkire’s dimension approach, the task of development policies would then amount to providing the conditions in which people are able to pursue the various dimensions of their choice. For example, this could include providing the conditions for people to live a healthy and safe life through adequate health services, providing the conditions for people to pursue knowledge and aesthetic experience through adequate teaching and school infrastructures or through subsidies to art exhibitions, or by providing the conditions to pursue harmony between persons through guaranteeing freedom of association – one may have some doubts about whether providing the conditions for peace of conscience and inner peace is a task for governments to do. Using the dimension approach for guiding and assessing government actions in the Dominican

⁸⁶ Commensurability implies that there exists a single unit scale that allows measuring two items. While comparability implies that there only exists a covering value between two items, not in matters of quantities of a value but only in matters of some value – for example cheese and chalk, although incommensurable, can be compared with respect to the covering value of the goodness of a housewarming gift. See Chang (1997).

⁸⁷ Finnis (1983:137, 1992:136, 1997:220).

Republic, one would hence conclude the following. The Dominican government has provided the conditions for some to be healthy by devoting a large amount of public expenditures to tertiary care. It has been favouring knowledge for some by facilitating private education of high quality. It has been providing the conditions for skilful work and value creation for some by providing an economic environment highly favourable to entrepreneurial initiative. It has been guaranteeing freedom of association by facilitating the organisation of civil society and the participation in political life. Yet, many people do not even benefit from public primary care, are still educated through an inefficient public education system that does not favour the pursuit of knowledge, are confined to the informal sector finding whatever job or income-source they can, or do not have the means to have any influence on policy-making whatsoever despite the many participatory initiatives.

If the dimension approach is to guide development policies adequately and in such a way that they remove the unfreedoms that people are suffering from, it seems that the dimension approach will have to be more radical. It seems that it will have to provide a certain framework so that *each* person has the possibility to flourish in *each* dimension, and that it will have to provide sufficient *obligations* for governments to comply with that provision. The dimension approach may be quite a successful approach for guiding micro-project activities, as Alkire has shown, but it becomes very problematic for guiding activities at a more macro-level where power and conflict issues heavily corrupt freedom-based approaches to human well-being. Although power and conflict issues also corrupt freedom-based approaches to human well-being at the micro level, the biases that power inequalities introduce in decisions can more easily be addressed at the local level.

For example, at a village level, one could easily use participatory methods in order to assess what the dimension of life security means for the village's inhabitants, so that activities can be made to that aim, but at a national level, using participatory methods unavoidably confronts structures of inequalities and power issues where the most powerful are likely to impose their views on the matter, such as for example pursuing the

dimension of life security through privatising the health and pension systems in order to offer better services for the elite rather than through providing basic public services for all. At the micro-level, the facilitator of the micro project can be sensitive to power inequalities and take actions to level down power inequalities. In contrast, at the macro-level, it seems more difficult for the facilitator of development policies, namely the government, to be sensitive to the biases that power inequalities introduce in process-based approaches, for the members of the government are often themselves controlled by, or are, the powerful actors in the society. As a consequence, if the capability approach is to organize human lives in society at the practical and political level, it can no longer retain the dimension approach without risking the possibility that the specification of the dimensions reflects the flaws of freedom-based approaches highlighted earlier. Given these flaws, Finnis/Alkire's dimensions will have to be transformed into specific political responsibilities. This will involve building a one-to-one relation between a dimension and a political obligation for individuals to pursue these dimensions, and will hence involve narrowing the space of dimensions and involve focusing on a set of central components that each human being should be endowed with.

3.2 Freedom and substance: the pragmatic option

Nussbaum's capability approach precisely seems to meet that aim of guiding government actions so that *each* person is guaranteed the necessary conditions for human well-being, what she calls the "principle of each person's capability."⁸⁸ In order to link the capabilities with the necessary political obligations to promote them, she refers to the idea of rights, and link the central human capabilities to the idea of constitutional rights:⁸⁹ "[the right to political participation, the right to religious free exercise, the right of free speech] and other [rights] are all best thought of as secured to people only when the

⁸⁸ Nussbaum (2000c:5).

⁸⁹ See Nussbaum (1997a, 2000c, 2003).

relevant capabilities to function are present. In other words, to secure a right to citizens in these areas is to put them in a position of capability to function in that area.”⁹⁰

Nussbaum’s project presupposes a strong nation-state that is able to guarantee these rights. By guaranteeing these constitutional rights to each individual, the state will best protect the freedom of each person to pursue the life she chooses to. Although Nussbaum speaks of constitutional rights, she does not specify in an exhaustive way what these rights ought to be, and leaves each nation state to specify, through democratic politics, what these rights ought to be. Her central human capabilities are left vague in order to allow for further choices to be made within each capability. For example, a nation state might decide that the capability for play is guaranteed by a 21-day legal holiday a year; in another nation state, that capability for play might be guaranteed by a 7-day legal holiday a year but with the legal obligations to have recreational activities within the work context (to create for example a team-spirit among colleagues). A nation state might choose to guarantee political participation by a legal obligation to vote (with sanctions if the elector does not comply); in other nations, guaranteeing political participation might be provided through legal safeguards to the financing of political campaigns.

Nussbaum’s account appears thus quite adequate to guide government actions. It gives a necessary background framework of the “excellences” that are worthwhile pursuing, while leaving the necessary space, within that background, for each country to further specify that framework according to their local context — she insists that central human capabilities are not given once and for all, but are subject to revision given local and cultural contexts. However, although a country might have all these capabilities written as rights in its constitution, it does not necessarily follow that all citizens are actually able to pursue these central human capabilities.

⁹⁰ Nussbaum (2003:37).

In *Women and Human Development*, Nussbaum relates the daily lives of Vasanti and Jayamma, two poor Indian women.⁹¹ They both live in a country where women are granted formal equality with men. In the constitutional law, they enjoy similar political rights, similar social and employment opportunities. However, they both suffer from deep unfreedoms. Vasanti is deprived from the choice of having children because her husband underwent a vasectomy in exchange for money, without her consent. She is deprived of bodily integrity and the choice to use her body as she wants because her alcoholic husband often physically abuses her. She is deprived of the freedom to read because her family never sent her to school. On her side, Jayamma suffers from the unfreedom of getting an income that ensures her living. She has worked all her life in a brick factory, earning half the wage of male workers and performing the heavier work. As widow, she has no husband to support her, is now too old to work, and has been denied a widow's pension because she has able-bodied sons, who actually refuse to take care of her. Although Vasanti and Jayamma benefit from certain constitutional rights, the experience of their lives shows that it has clearly not been sufficient to make reference to a human rights framework in order to promote the various dimensions of human well-being.

The idea of rights seems indeed ineffective if there is no compelling obligation to provide that right. If for example a government knows that it will not receive any sanction if it allocates more resources to military ends than education, it seems of little surprise that rights remain unfulfilled.⁹² Would it not be better then, in order to guide government actions, to specify a set of obligations with corresponding objectives that a government has to meet and provide the conditions for?

This is what the Development Association Committee of the Organization for Economic Cooperation and Development has tried to put forward through setting international development goals, and through corresponding indicators of human well-

⁹¹ For a description of their lives, see Nussbaum (2000c:15-24).

⁹² See for example O'Neill (1986, 2000) for a discussion about how human rights remain an empty discourse if they are not linked to corresponding obligations.

being that monitor the progresses of nations in reaching these goals. These indicators represent the most complete international agreement to date of what development policies, both at the national and international level, ought to pursue so that no human life is left with unnecessary harms. These indicators are linked to the goals that have been agreed by nation states at United Nations conferences during the 1990s. These indicators can be associated to and complemented by Nussbaum's central human capabilities as a way of assessing the successes of governments in meeting their obligations to provide minimum level of well-being for all.

Table 2.2.: International Development Goals indicators

International Development Goals	DAC Indicators
Reducing extreme poverty: The proportion of people living in extreme poverty in developing countries should be reduced by at least one-half by 2015.	1. Population below \$1 per day 2. Poverty gap ratio 3. Poorest fifth's share of national consumption 4. Prevalence of underweight under 5
Universal primary education: There should be universal primary education in all countries by 2015.	5. Net enrolment in primary education 6. Completion of 4th grade of primary education 7. Literacy rate of 15 to 24 year-old
Gender equality: Progress towards gender equality and the empowerment of women should be demonstrated by eliminating gender disparity in primary and secondary education by 2005.	8. Ratio of girls to boys in primary and secondary education 9. Ratio of literate females to males
Infant and child mortality: The death rates for infants and children under the age of five years should be reduced in each developing country by two-thirds the 1990 level by 2015.	10. Infant mortality rate 11. Under 5 mortality rate
Maternal mortality: The rate of maternal mortality should be reduced by three-fourths between 1990 and 2015.	12. Maternal mortality ratio 13. Births attended by skilled health personnel
Reproductive health: Access should be available through the primary health-care system to reproductive health services for all individuals of appropriate ages, no later than the year 2015.	14. Contraceptive prevalence rate 15. HIV prevalence in 15 to 24 year-old pregnant women
Environment: There should be a current national strategy for sustainable development, in the process of implementation, in every country by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.	16. Population with access to safe water 17. Forest area as a % of national surface area 18. Biodiversity: land area protected 19. Energy efficiency: GDP per unit of energy use 20. Carbon dioxide emissions

Source: <http://www1.oecd.org/dac/Indicators/htm/list.htm>

It is to be noted that this list of indicators is by no means comprehensive, and it indeed misses out many dimensions highlighted by Nussbaum's central human capabilities. For example, it does not reflect the ability of people to work, or to freely associate with one another. It does not reflect the ability of people to think critically about their lives and their social situation. It does not reflect the ability of the marginalized to participate in political activities. It does not reflect how ethnic minorities or particular racial groups in a country have different opportunities to be healthy and educated. This is why this dissertation will consider a combination of both the international development goals, and Nussbaum's central human capabilities (that will be considered as central human functionings rather than constitutional rights) as the pragmatic option for assessing the successes of the Dominican Republic and Costa Rica in promoting human freedoms (both approaches will be combined and applied in chapter 5). It is also to be noted that accounts of what governments should aim at to ensure the well-being of their population, such as those of Nussbaum and of the Development Association Committee, are not fixed and stable. Although they are accounts which, at this particular time of the beginning of the 21st century and in this particular space of an inter-connected world, offer the best pragmatic accounts available and benefit from the most international agreements, they remain provisional accounts always subject to revision.⁹³

⁹³ Whitehead (2002) highlights that consensus are always agreements "of a distinctively provisional and conditional kind," and which "only last for so long as the separate consciousnesses involved remain persuaded" (p.17). This is why, he concludes, in the political life, matters about what governments should do is never "a definite 'cut off point' beyond which the matter is settled beyond all further consideration." (p.18) See also Hampshire (1999) for a discussion about justice as a matter of substance that is always subject to dispute, conflict and revision.

III. Structures of living together and socio-historical agency

“Surely it is strange to make the blessed man a solitary; for no one would choose to possess all good things on condition of being alone, since man is a political creature and one whose nature is to live with others.”

Aristotle, Nicomachean Ethics, 1169^b16-22

“The common good of the city is neither the mere collection of private goods, nor the proper good of a whole which relates the parts to itself alone and sacrifices them to itself. It is the good human life of the multitude, of a multitude of persons; it is their communion in good living. It is therefore common to both the whole and the parts into which it flows back and which, in turn, must benefit from it.”

Jacques Maritain, The Person and the Common Good, p. 50

Chapter I discussed how Sen’s capability approach placed individual human beings as the fundamental subjects of development. Sen’s capability approach insisted that individual freedoms were to be the ultimate purpose of development and individual agency was to be the ultimate means to address and overcome human deprivations, although for this, institutions or societal arrangements were of crucial importance. This chapter discusses how Sen’s capability approach maintains the individual and his relation to society in a conceptual tension that will need to be solved when it becomes a guiding theory for policy.

The chapter begins by examining what is at stake with assessing development or the improvement in human well-being in the space of the capabilities of individual subjects. It suggests that, in order to guide policy, it is not sufficient to limit oneself to examining the extent to which non-individual or collective capabilities contribute to guaranteeing the substantive freedoms of individuals, but there is a strong case to include them in a more coherent way in the evaluation space. The introduction of collective capabilities introduces a supra-individual dimension that Sen’s conception of individual agency does not incorporate. The chapter then examines the role that the capability approach has granted to individual agency in freeing the poor from unfreedoms, and

introduces a socio-historical conception of agency that takes into account the communitarian and historical dimensions of human freedom and agency. It argues that overcoming human unfreedoms requires collective action and certain sets of motivations and commitment. The chapter concludes by discussing the fundamental role of social commitment in overcoming them.

1. Irreducibly social goods

Charles Gore has developed a forceful critique of Sen's focus on individual capabilities as the informational basis for well-being evaluation and development assessment. He has argued that, like the informational basis of utility and opulence, "functionings and capabilities [in Sen's capability approach] are seen as objects of value which individuals have [and] which are disembedded from the institutional contexts of human activity,"¹ and that, hence, Sen's capability approach ignores the intrinsic value that these institutional contexts have for individual human well-being. Although the capability approach includes social elements by, for example, including social capabilities (such as the capability to participate in the life of the community or to appear in public without shame), or by insisting on the importance of social arrangements in providing the conditions through which individual capabilities will be exercised, Gore argues that the capability approach remains individualist because the "goodness or badness of social arrangements or states of affairs is evaluated on the basis of what is good or bad *for* individual well-being and freedom and [because it] is also reduced to the good *of* those individuals".² In agreement with Sen, Gore affirms that the evaluation of states of affairs is to be assessed on the basis of what is good or bad for individuals, but he objects that the valuable constituents of individual human well-being are to be seen in terms of individual properties only. Individual lives contain collective goods as well, and

¹ Gore (1997:235).

² Gore (1997:242).

therefore individual human well-being is also to be assessed on the basis of these collective goods.

Gore bases his argument on Charles Taylor's concept of "irreducibly social goods".³ Irreducibly social goods are objects of value, which cannot be decomposed into individual occurrences, or expressed in terms of individual characteristics. They cannot be reduced to individual acts or choices, since these individual acts or choices are only understandable against a background of practices, understanding and meaning. For example, the word "beautiful" can only be understood, and only has a meaning, against a further background of meaning. Women with large hips were once upon a time considered as the standard of beauty, while in other contexts, only slim women could qualify as being beautiful. Without the irreducibly social good of a language code and cultural practices, an individual uttering the word "beautiful" would be incomprehensible. Among these irreducibly social goods, one finds for example language codes, institutional norms, aesthetics, ethnic belonging and cultural or political practices inherent in a given society.⁴ According to Gore, the capability approach critically fails to recognize the intrinsic value of these irreducibly social goods, and only incorporates them to the extent to which they affect individual properties. Although irreducibly social goods remain components of individual lives, because these goods have an intrinsic value to human well-being, the informational basis of development, Gore argues, needs to go beyond individual capabilities and incorporate these.

³ Taylor (1995).

⁴ Taylor (1995) strongly distinguishes the notion of irreducibly social goods from the economic conception of public goods. Like public goods (such as national defence or a dam), irreducibly social goods cannot be secured for one person without being secured for a whole group, but the goods that public goods are producing are the goods of individuals. Taylor gives the examples of a dam and a culture. The dam itself is not good, only its effects are, and its effects are good to individuals. In contrast, an irreducibly social good like a culture cannot be instrumentally valuable to individual goods like a dam would be. Irreducibly social goods cannot be judged through their effects, and are not instrumental to a purpose they serve. A valuable culture, unlike the dam is an irreducible feature of society as a whole, while the dam is only an instrument and not a feature of society at all.

It may appear as a contradiction that a good can at the same time be an irreducibly social good, that is, a good irreducible to any individual component or characteristic, and still remain a component of individual lives. Yet, this contradiction constitutes the definitional core of irreducibly social goods: they exist beyond individuals but owe their existence to them. Irreducibly social goods could not exist without being endorsed by individuals, since anything that happens does so because individuals make it happen. For example, a language would not exist if individuals had never spoken it, a social norm would not exist if individuals did not endorse that norm in regulating their actions, a particular form of ethnicity would not exist if individuals did not bear the characteristic feature of that ethnicity, etc. But the fact that irreducibly social goods only exist when supported by individuals does not imply that they do not have an existence well beyond individual actions and decisions.⁵ For example, although a football team cannot exist without its constitutive elements and cannot win a match without the participation of its players, the football match cannot be reduced to the actions of its players, and the value of the actions of a football team is greater than the value of the actions of its individual members taken separately.

In order to maintain the interconnection between individual actions and irreducibly social goods, the notion of “structures of living together”, introduced by the French philosopher Paul Ricoeur, appears, in my opinion, more appropriate in the context of development to refer to the reality of irreducibly social goods.⁶ Structures of living together can be defined as structures which belong to a particular historical community, which provide the conditions for individual lives to flourish, and which are

⁵ See also Giddens (1984) for the complex relationship between individual actions and social structures.

⁶ The concept of “living together” is also prominent in Margaret Gilbert’s works in social theory, see for example Gilbert (1996). She particularly emphasises the central importance of the ‘plural subjects’ and ‘joint commitments’ in the reality of individuals living together in societies. However, unlike Ricoeur, she does not stress the central importance of the *structures* that the reality of living together implies for human life and ethical theory.

irreducible to interpersonal relations and yet bound up with these.⁷ Unlike the notion of irreducibly social goods, the notion of structures of living together directly suggests that irreducibly social goods emerge from the fact that individuals are living together, and that this fact constitutes the very condition under which individual human lives may flourish. But the basic idea is the same. Although sustained by individual components, these structures of living together have an autonomous existence and cannot be reduced to the features of the individuals living in these structures. Referring again to the example of the term “beautiful”, the word only has a meaning against a structure of living together, namely a language. Although a language and its meaning depends on individuals speaking that language and endorsing its meaning, the language has an existence beyond individuals. No individual word would be understood if that structure of living together did not exist. Even apparently individual properties such as personal autonomy cannot exist without certain structures of living together that support personal autonomy.⁸ As Charles Taylor summarises it: “In one sense, perhaps, all acts and choices are individual. They are, however, only the acts and choices they are against the background of practices and understandings. But this language cannot be reduced to a set of acts, choices, or indeed other predicates of individuals. Its locus is a society.”⁹

It is to be noted that, as structures emerge from human beings living together in a particular community, these structures need not always be oriented towards the good living of society. Structures of living together can have a negative effect upon the good living of its members, such as structures of inequalities and oppression caused by

⁷ Paul Ricoeur’s original definition refers to the notion of institution: “By institution, we understand the structure of *living together* as this belongs to a historical community, a structure irreducible to interpersonal relations and yet bound up with these.” [Ricoeur (1992:194)] The notion of “community” is here understood in its Aristotelian meaning of *koinônia*, that is, “any group, temporary or permanent, natural or artificial, necessary or accidental, pursuing a common interest, and giving birth to juridical relationships and solidarity links” (*Ethique à Nicomaque*, transl. J.Tricot, p.407, footnote 2). A historical community is thus any such group, which in addition shares a common history.

⁸ See Raz (1986: 204-6).

unequal distribution of power. All these are features of a society upon which an individual has little control but which however constrain or promote his or her actions.

2. Beyond ethical individualism

Sen has strongly rejected the critique advanced by Gore, and asserts that his capability approach does indeed include the intrinsic importance and value of irreducibly social goods in the evaluation of individual well-being. For example, the capability approach considers democratic freedom, or the ability to take part in and to influence the decisions that affect the life of the community, as a good that cannot be reduced to individual characteristics and that has its locus in the society itself. Sen stresses that democratic freedom is “a significant *ingredient* – a critically important *component*—of individual capabilities.”¹⁰ Thus, the level of democracy that characterises a society is an irreducibly social good or a structure of living together that fully enters as an ingredient in individual human well-being. Similarly for structures of living together such as family relationships, the family cannot be reduced to its members, but exists through the inter-dependent relationships that family members have with one another, and these relationships enter as an important component of individual well-being. However, the importance and value of democratic freedom are only relevant to the extent that they enter as a component of individual human well-being, to the extent that it makes the lives of individuals better. As Sen points out, although human lives are deeply inter-dependent, they are not in fusion, and “the intrinsic satisfactions that occur in a life must occur in an individual’s life”, even though “they depend on social interactions with others.”¹¹

Although Gore’s critique was directed at underlining the need to include structures of living together as components of individual human well-being, he did not

⁹ Taylor (1995:135-6).

¹⁰ Sen (2002b:79).

address Sen's view that states of affairs should be evaluated only according to their goodness or badness *for* individuals. This position, known as ethical individualism,¹² holds that, when evaluating states of affairs, the effects of states of affairs on individuals are what matters, and therefore individual subjects are to be the unit of moral concern. Since what is the most important is what difference these structures of living together make to the lives of individual human beings, Sen concludes that these have to be, as a consequence, "investigated in terms of their contribution to enhancing and guaranteeing the substantive freedoms of individuals."¹³ Structures of living together are seen as social arrangements instrumental to the enhancement of individual capabilities, and it hence suffices to evaluate them by looking at their effects, positive or negative, upon individual dispositions such as individual freedoms.

However, even though "the intrinsic satisfactions occur in an individual's life", the reality of development and the source of the unfreedoms that oppress individual human beings, or inversely the source of freedoms that allow individual lives to thrive, frequently do not lie in the lives of individuals but in a collective locus that cannot be reduced to the individuals that sustain them. Structures of living together are valuable, not only because they are good or bad *for* individuals, but also because they are good or bad for the collective conditions of existence of individual capabilities. Therefore, in addition to assessing development achievements "in terms of whether the freedoms of individuals have been enhanced", there seems to be a strong case for assessing development achievements in terms of the collective freedoms that make the enhancement of individual freedoms possible.

Costa Rica is a well-known case in development circles of how a country with

¹¹ Sen (2002b:85).

¹² See Bhargava (1992) for an analysis of the various forms of individualism in social sciences, and see Robeyns (2000) for a discussion of ethical individualism in Sen's capability approach.

¹³ Sen (1999b:xiii).

limited economic resources has been able to provide high levels of quality of life and secure its people with the necessary conditions for them to enjoy a wide range of human freedoms (see chapter V for data details). The quality of its long-standing democracy has often been advanced as the main reason behind Costa Rica's exceptional outcomes in human freedoms. But beyond democratic freedom, there are certain structures of living together that make democratic freedom a significant ingredient of human well-being. As the empirical part of this dissertation will show, although Sen's capability approach has rightly incorporated structures of living together such as democratic freedom as an intrinsic component of human well-being, it has not yet well integrated the collective dimensions that ensure the conditions of existence of democratic freedom and make it valuable to human well-being. Among these collective dimensions, the weight of history will come to occupy a central place. For example, in the case of Costa Rica, the high levels of human freedoms exist only through a multiplicity of certain structures of living together that have been built up throughout Costa Rica's history (see chapter VI). For example, the high level of literacy has its roots in the productive and social structure that was characteristic of Costa Rica at the end of the 19th century, and which allowed the government, guided by a liberal elite, to take the decision to impose universal primary education for boys and girls, in rural and urban areas alike. The rather poor conditions of the country, and the egalitarian character of its productive structure, together with the motivational structure of the political elite of the time, allowed this irrevocable decision to be taken. Similarly, the high level of the freedom to be healthy is due to a similar mixture of the social and power structures of Costa Rica and the motivational structures that have inhabited certain leaders at key moments. The Costa Rican social security system and the provision for universal health services that emerged at the beginning of the 1940s were the results of a particular leader (Calderón) who had the particular vision to introduce a social security scheme. Calderón was able to carry out his vision through a key alliance with the Communists that enabled him to overcome the opposition of a small

economic elite. These two decisions, for universal primary education and social security, which have their breeding ground in the particular motivational and power structures of the Costa Rican society, paved the way for an even more powerful structure of living together in promoting capabilities, that of a society whose identity is built on its welfare institutions. The particular social democratic ideology, deeply entrenched in the Costa Rican society until the 1980s (and to a lesser extent nowadays), acts as a strong collective capability that belongs to the Costa Rican society as a whole beyond individual reach and control, and explains the high levels of human well-being that Costa Ricans enjoy.

In the light of the Costa Rican development path, assessing development on the basis of individual capabilities, or irreducibly social goods that are of intrinsic value to individual lives such as the capability to maintain one's language and culture or the capability to participate in the political life, would miss out on an important component of the development process itself. It would miss out certain structures of living together that make the whole process of development and expansion of individual capabilities possible.

Examining the reasons why individual Costa Ricans enjoy high levels of human freedoms inclines us to conclude that the reality of development is not well captured by ethical individualism, insofar as ethical individualism leads to an excessive focus on existing individual lives, and directs attention away from the examination of the structures of living together and the historical explications of these structures, which are responsible not only for the conditions of life of individuals today but also have affected past generations and will affect future ones. Structures of living together are thus not only to be assessed because they are good to or for individuals, but also according to whether they promote the collective structures which help individuals to flourish. Beyond the individual capabilities of Costa Ricans to read and write, to live long and

healthy lives, to live in a non-polluted environment, to enjoy high levels of democratic freedom, there are collective capabilities that belong to the Costa Rican society (and not to individual Costa Ricans), and that are the conditions of existence of individual capabilities. Because structures of living together belong to a social group of which individuals are members, development cannot be assessed only in terms of whether the freedoms of the individual members of that social group have been enhanced, but has also to be assessed in terms of whether the (collective) freedoms of that social group or collectivity to promote individual freedoms have been enhanced. One could object that assessing collective structures according to whether they generate collective structures which themselves lead to individual flourishing are still instrumental to individual human well-being. It still ultimately judges development by individuals' lives, and hence such a position is still an ethical individualist position, since ultimately the evaluation of states of affairs depends on their effects upon the lives of individuals. However, although this position still appears instrumental and judges states of affairs according their effects upon individuals, because this position acknowledges that structures of living together constitute the condition of existence of individual lives, because it acknowledges the collective dimension of individual human life (as will be further developed below in section 4), this position transforms ethical individualism into an ethical collectivism. One cannot maintain individual subjects as the unit of moral concern without acknowledging their collective or socio-historical dimensions. And as these dimensions are constitutive of a person's humanity, these collective and socio-historical dimensions are intrinsic to any human life before being instrumental to individual human well-being.

Sen's thinking seems to have recently evolved in that direction, moving away from an ethically individualistic approach. In response to critiques accusing his capability approach of focusing "on individuals and their relation to an overall social

context, and not on collectivities,”¹⁴ Sen seems to have incorporated these critiques into his own thinking and moved away from the language of individual capabilities. He now asserts that there do indeed exist capabilities that belong to collectivities and that can only with difficulty be reduced to individual capabilities: “There are genuine collective capabilities such as the capability of a world nuclear power to kill the entire population of the world through nuclear bombing. Similarly, the capability of Hutu activists to decimate the Tutsis is a *collective capability since the ability to do this is not a part of any individual Hutu’s life (interdependent as it is)*. There could be also more positive collective capabilities such as the capability of humanity as a whole to cut child mortality drastically.”¹⁵ So, Sen would now probably affirm for example that, without Costa Rica’s “collective capability” to cut drastically child mortality and to considerably raise the health standards of Costa Ricans, without its “collective capability” to achieve universal primary education, the individual members of Costa Rican society would have been unable to enjoy high levels of individual freedoms.

Does Sen’s capability approach now contain an insoluble contradiction? Can Sen affirm the importance and value of *collective* capabilities, while also affirming the importance and value of “socially dependent individual capabilities,”¹⁶ which, Sen insists, “have to be distinguished from what are genuinely “collective capabilities””?¹⁷ He here seems to endorse two incompatible moral positions. On the one hand he endorses what could be called a “functionalist approach” to life in societies, and on the other hand he endorses what could be called a “holistic approach”. On the one hand, Sen views society as the outcome of the interaction of inter-dependent individuals and therefore speaks of “socially dependent individual capabilities”, and on the other hand, he views society as a holistic whole that cannot be accounted for according to the

¹⁴ Evans (2002:56).

¹⁵ Sen (2002b:85). Italics are mine.

¹⁶ Sen (2002b:81).

¹⁷ Sen (2002b:85).

interactions that its individual members have between one another, and therefore speaks of a “collective capability” which “is not a part of any individual life (interdependent as it is).” Can such a position, which recognises the intrinsic importance and value of structures of living together – for example democratic decision-making or a world public action to overcome child mortality while affirming that the evaluation of states of affairs must rest upon individual (although socially independent) capabilities – be sustained? It seems difficult to understand why Sen’s capability approach should rest on the evaluation of states of affairs in terms of whether the freedoms of (socially interdependent) individuals have been enhanced, and not in terms of whether the freedoms of the collective wholes in which individuals live (such as the freedom of the Hutus not to kill Tutsis) have been enhanced.¹⁸

If the capability approach is to say something about the success of development policies in bringing about certain outcomes, the informational basis to assess development cannot only remain at the level of its individual outcomes, but has also to include the (collective) processes that are responsible for these outcomes, such as for example the power structure of a particular country, its existing social norms, its particular national identity, or its particular political and democratic history. Structures of living together, by the very fact of transcending individual human actions, need to be identified, because they are properties of a collectivity rather than a property of individuals, and these collective capabilities provide the conditions for individual lives to

¹⁸ It is to be noted that Sen’s use of the concept of “collective capability” only appears in one piece of his vast works, namely in a response to Peter Evans’ critiques. The concept of “collective capabilities” has yet not been well integrated in the capability approach to development as a whole. This is what this chapter intends to do. In that same reply to critiques to *Development as Freedom*, Sen also recognizes the importance of collective behaviour in promoting development such as class-based resistance or anti-racist struggles. But similarly to the concept of collective capabilities, this insistence on the collective is not well integrated in the main body of his theoretical works, which tend to privilege concepts such as individual agency and individual capabilities as central to a theory of development.

flourish.¹⁹ In addition to the distinction between valuable capabilities (such as the capability to be healthy) and non-valuable capabilities (such as the capability to commit homicide), one would need also to distinguish valuable from non-valuable structures of living together, or what Sen has now called collective capabilities that made these individual capabilities possible (such as the valuable collective capability of eradicating child mortality, or the negative collective capability of an ethnic group to kill another ethnic group). This entails that one cannot take individual agency and the “capabilities that people have reason to choose and value” as the ultimate building block of development, since what people have reason to choose and value crucially depends on how the structures of living together in which they live shape what they have reason to choose and value. Moreover, because individual lives and choices are so affected by structures of living together, one cannot assume their choices, including what they value, as independent of these structures. The next section turns to this point that will further stress the need to pay attention to collective capabilities.

3. Free value judgements?

Sen’s capability approach does of course recognise this deep entanglement between choices and structures. For example the capability to move around in a particular society strongly depends upon the presence of public transport, the availability of road infrastructures and the degree of peace in that society. If someone possesses a bike, he will less be able to exercise his capability to move around in a society where civil war rages and where roads have not been maintained than a person who would

¹⁹ One could note that this discussion on the existence and importance of collective capabilities for development further brings the case for the possibility (and indeed necessity) of social choice that Sen has advocated through his capability approach after the grim prospects brought about by Arrow’s ‘general possibility theorem’. See for example Sen (1979) and his Nobel lecture that recapitulates his thinking on the matter in Sen (2002c).

similarly choose to move around in a peaceful Western European country.²⁰ But if the latter person has witnessed a terrible traffic accident involving a cyclist, and subsequently is psychologically unable to ride a bicycle again, could one conclude that that person freely chose not to ride a bike? Nussbaum notes in the context of the capability for play and leisure that people should be free to lead a workaholic life should they choose to do so. But one can wonder to what extent a young professional who apparently *freely* chooses a workaholic life, has really made a free decision and not a constrained decision given the work culture of her society. The capability approach seems to pay little attention to how the capability to make free choices should be treated, beyond the provision of adequate information. Nussbaum also gives the example of the capability for practical reason itself. Even though it is the actual function of practical reason that makes a life fully human and not the ability to exercise practical reason, Nussbaum insists that the value should be set on the freedom people have to exercise their practical reason, should they choose to or not.²¹ This is why she argues that, if people freely accept not to exercise their ability for practical reason, and let their lives be guided by a sect guru, that freedom of choice should be respected (and therefore governments should not make sects illegal).

As these examples show, the capability approach needs to be able to distinguish to what extent one is free to exercise a certain capability (like the capability for play or the capability for practical reason) and to what extent this choice is constrained by social norms. But the capability approach does not seem to offer a framework to evaluate whether people have the capability to exercise capabilities, or in other words whether people have the ability to have the ability to do valuable acts or reach valuable states of being. Nussbaum has acknowledged the role of practical reason and how that capability of carrying out practical reason is a pre-condition for the exercise of freedom, but the

²⁰ This example is taken from Robeyns (2000:17) where she discusses how the capability approach takes into account the constraints and structures in which choices are being made.

problem is that one needs to be free in order to be able to access practical reason, and if practical reason is what is thought to enhance freedom, the approach ends up in a circle. If women, when offered literacy classes, refuse to make use of the opportunities, after having been offered all the adequate information regarding the value of them attending the classes, can one conclude that they have the capability for knowledge? Sen has extensively written about the deformation of *preferences* and how these could be socially deformed, but *capabilities* could be socially conditioned and equally severely deformed, even after providing adequate information concerning the wrongness of the choices. Is it a matter of accepting then that there is no such thing as free choice and acknowledging that all choices are, ultimately, socially conditioned? Perhaps, it would suffice to answer that question by simply acknowledging that what is considered as meaningful and worthy of choice can only be understood against a background of community and history, and that free choice and value judgment are themselves to be understood as being made on the basis of certain internalised beliefs inherent in the specific structures of living together in which individuals live. So it is not a question of identifying those whose preferences or capabilities have been deformed as against 'free' individuals, but of accepting that all are subject to restraints and conditioning which affects how they exercise choices.

What is "valuable" and worthy of choice can only be understood against structures that support such values and choices. As the word "beautiful" could not be understood without a locus of meaning beyond individuals, so "valuable" capabilities cannot be understood without an underlying background of meaning through which individuals will be able to distinguish what is valuable from what is not. But these structures through which people will come to make their value judgements need not always be *good* or valuable. If for example a society is deeply structured by a kind of

²¹ Nussbaum (2000c:131).

collective conscience according to which people believe that the white race is the superior race, and as a consequence other races should not receive equal treatment, how will the capability approach to development then assess such a value judgement? If the capability approach had been designed in the 16th century, it would not have been able to offer a framework through which the exploitation of Indians by the colonizers could be rejected. In a society where the prevailing value judgements consisted in believing that Indians had no souls, that their cultural practices should be destroyed for the sake of “evangelisation”, Sen’s capability approach would probably have concluded that the value of not respecting Indians reflected the underlying values of the society of the time, and the capability approach would have offered no other framework than a validation of these structures of oppression. Even an “internal criticism”²² of the practice of “evangelising pagans” and destroying their culture through looking at the history of the Christian tradition before 16th century would not have been able to lead to the moral conclusion that Indians were humans to be granted as much respect as white people.

The capability approach does not indeed seem to offer a procedure of evaluation for the structures that lead people to endorse certain values rather than others. As the previous chapter discussed, Sen privileges democracy as the way through which people will come to make their value judgements. But if this is so, then this structure should be itself assessed and not simply taken as given. For example, the Costa Rican democracy has led to the judgement that environmental protection and eco-tourism are valuable objectives to pursue and the government has undertaken some of the necessary means to achieve these objectives, by for example protecting beach areas, protecting forests and natural reserves, by not allocating planning permits to the hotel industry designed at mass tourism, etc. In contrast the Dominican democracy has come to the judgement that the pursuit of economic growth and mass tourism expansion are valuable objectives to pursue, disregarding the effects upon environmental degradation and the development of

²² Nussbaum and Sen (1989).

prostitution (especially child prostitution) in tourist areas. These examples show that one needs an evaluative space in which to evaluate the structures through which individuals (and societies as a whole) frame and express their valuable objectives – unless the capability approach is no more than an endorsement of democratic decisions, whatever these are.

Somewhat independently of his capability approach, Sen has discussed how meanings are dependent on social contexts, and that “the moral valuation function is position-relative.”²³ States of affairs (and hence capabilities) are thus always evaluated where the person situates himself. Yet he argues that this does not entail that moral evaluation is necessary relative. There are choices that can be considered as non-meaningful and even wrong. Sen writes: “The positionality of moral valuation is perfectly consistent with objectivity of moral values. Moral valuation can be position-relative in the same way as such statements as “The sun is setting”. The truth of that statement varies with the position of the person, but it cannot vary from person to person among those standing in the same position.”²⁴ But if all of us, standing in the same position, value the same objectives, can we say with confidence, in an unchangeable way, that our choices are morally (and objectively) valuable? If for example all poor and marginalized people who live besides an elite driven by status symbols, or who are daily invaded by consumerist ways of life through the media, value the capability for self-expression (by buying a cellular phone) rather than the capability to be adequately nourished, can that value judgement be accepted because it is shared among all people who share the same position?

As Peter Evans underlines, the capability approach does not seem to “explore the ways in which influences on “mental conditioning” might systematically reflect the

²³ Sen (1985b:183).

²⁴ Sen (1985b:183-4).

interests of those with greater economic clout and political power.”²⁵ And Evans pursues, “Sen acknowledges that the “sun does not set on the empire of Coca-Cola or MTV”, but he does not explore the implications of these kingdoms for the ability of people to choose the kind of lives they “have reason to value”.²⁶ The capabilities that people value respond to many forces, including global ones, upon which individuals have no control. Rarely, if ever, people do have freedom to decide whether these global forces or new structures (norms) through which they frame their value judgements (such as, for example, consumerism) are valuable or not. How then can one judge for example the underlying social concerns of a society, as exemplified in consumerism, through which people will choose certain valuable capabilities?

In Sen’s capability approach to development, the privileged structure through which people make their value judgements is through democratic deliberation. The exercise of democratic freedom can be seen as having a constructive role in building a society’s values. When discussing the problems of setting the ends of development in the “capabilities that people have reason to choose and value”, chapter II briefly discussed how power relationships could deeply affect a society’s value judgements. Citing Sen’s example of an indigenous community which has to choose between “a traditional way of life” and the “escape of grinding poverty”²⁷, the UNESCO’s *World Culture Report* quickly adds that, in today’s structures of inequality, one may wonder what margins people have for “free” decisions.²⁸ There are indeed structures of inequalities and power that leave indigenous communities with little choice other than that of “choosing” a modern way of life, or structures of inequalities and power that leave countries with little choice than that of “choosing”, or rather accepting, through democratic deliberation, to

²⁵ Evans (2002:58).

²⁶ Evans (2002:58).

²⁷ Sen (1999b:31).

²⁸ UNESCO (2000:34).

pursue development through the privatisation of public services. The capability approach to development would require an evaluation of the different structures that lead individuals or collectivities to endorse certain values rather than others. As the next chapter will explore much further how structures of inequalities and power affect the democratic deliberation process, I will set this important point aside and focus on another important building block of Sen's capability approach, namely the central role that Sen gives to individual agency in addressing human deprivations.

4. Socio-historical agency

Political philosophers gathered under the label "communitarian philosophers"²⁹ have long discussed how human agency and freedom cannot be thought of independently of structures of living together. They argue that the latter actually form an integral part of the constitution of the self. They insist that freedom and the capacity for choice are not given, but have to be developed. By emphasising the priority and central role of human agency, these communitarian philosophers have argued that one forgets that before being an agent endowed with the capability to make autonomous choices, a self has to be developed, and this cannot be done without a community, without the relationships one makes with other persons. Community is pre-existent to individuals. It is what gives meaning to the life of its members and gives them identity, in the sense that it is only from their attachment to communities that human beings draw their moral development, their identity and the meaning of their life. The specific community and affiliation links in which the human being grows are the preconditions for her human agency, they are the preconditions for "her ability to bring about achievements she values and which she attempts to produce".³⁰ Agency is not a *tabula rasa*, but is itself the product of certain

²⁹ See namely McIntyre (1981, 1988), Sandel (1982), Walzer (1983). For a synthesis of communitarian thought (and their critiques of liberal philosophy), see Avineri and De-Shalit (1992), Mulhall and Swift (1996).

³⁰ See for example Sen (1985b:203-4).

structures of living together. Insofar as human beings have the power to understand themselves, to interpret what they are and what they do, then “the languages needed for such self-interpretation are essentially social, and community is a structural precondition of human agency.”³¹ For example, a woman who is forced into an arranged marriage often does not have the agency to protest and rebel because the structures of living together that surround her do not provide the preconditions for her to do so. She will only find her agency and ability to choose not to enter an arranged marriage provided that, for example the education she received at school, or government campaigns for gender equity and dignity, have given her the necessary critical skills to question the established order. In other words, she will only have the individual agency to avoid arranged marriage provided that she receives enough collective support to pursue her choice. Exercising one’s freedom of choice, like the freedom to marry the husband one wishes, will require collective action to change the structures and transform them into structures enabling individual human beings to acquire agency and exercise choice.

There are necessary social conditions for the emergence of “free” individuals. As Charles Taylor summarises it: “Since the free individual can only maintain his identity within a society/culture of a certain kind, he has to be concerned about the shape of this society/culture as a whole. Freedom and individual diversity can only flourish in a society where there is a general recognition of their worth.”³² As emphasised in the previous chapter, Sen’s capability approach seems to consider freedom as consisting of choice from a set of options –capabilities were understood in terms of the freedom to choose among a set of functionings, rather than a matter of the capacity or freedom of the agent to choose among that set of options. Structures of living together are then not instruments that expand an agent’s set of options from which to choose, but are rather the

³¹ Mulhall and Swift (1992:162).

³² Taylor (1985:307). Taylor (1989) further discusses how the concept of a free individual was the result of a long development, which rested upon the emergence of certain institutions and practices willing to support the autonomy of individuals.

condition of the agent's ability to choose among that set. The capability to choose is itself a collective capability insofar as "in practice, my ability to choose the life I have reason to value often hangs on the possibility of my acting together with others who have reason to value similar things."³³ For example, if women progressively gained freedom from men's abusive authority, especially in Europe during the 20th century, it was because the structures of living together provided the conditions for them to reach such an agency and decide about their own life. It is because the structures in which women drew their identity and agency had changed, that women could become free agents of their own lives.³⁴ Male oppressive structures could be little by little overcome not through the individual agency and action of a single woman, but through the existence of necessary structures of living together that allowed the emergence of women's agency. Obviously, these structures of living together that allowed women to be free would not have emerged if some dissident individual women had not taken the initiative to struggle to overcome previous constraining and enslaving structures – it is to be noted that even the action of these dissident women were affected by an environment which inspired them and allowed them to act in this way. Also, the action of a dissident woman could only bear fruits and could only change male oppressive structures if her individual actions were connected to other individual actions, making collective action powerful enough to give rise to new structures of living together. Such collective action, or collective capability (understood in the sense of the ability of a collectivity to do or be certain things), is crucial in construing the necessary individual agency that Sen's capability approach sees as central in overcoming human deprivations. By granting central importance to individual agency, the capability approach fails to acknowledge the reality that individual agency receives its existence from certain structures of living

³³ Evans (2002:56).

³⁴ For the complex relationship between individual autonomy and its capacity for criticism, and the structures that allow this autonomy to emerge or not, see for example Anderson (1993) and Friedman (1989).

together, and especially from how one positions oneself with respect to the surrounding reality.

In a short piece on reasoning and social identity,³⁵ Sen emphasises how our distinctive identities, how our belonging to different structures, influence our reasoning and decisions. For example, being a woman, being an Indian, being low-caste, etc. are different belongings that will deeply influence a person's choices. But although individual agency is extremely dependent on the different structures in which a human being has grown, there is much room left, Sen argues, for choices regarding these different belongings to identities and structures. Sen writes that, even though "choices are always within certain constraints [...], choices can be quite substantial."³⁶ In that respect, Sen gives the example of Gandhi's identification with Indians seeking independence from British rule. Gandhi *chose* that identification rather than his identity as a trained barrister pursuing English legal justice, and as a consequence of that *choice*, all his ensuing actions were determined by his *chosen* identification. But what made Gandhi choose to do so? His capacity for choosing was not given but was made possible through encountering different experiences of humiliation as an Indian, and perhaps his capacity for choosing was ultimately made possible through the deep spiritual experiences he underwent. In sum, Gandhi's agency to liberate Indians from British rule was made possible by the particular historical reality he encountered, and a similar conclusion applies for the individual agency to remove the unfreedoms that Sen speaks of.

The exercise of *human* freedom and choice cannot be separated from *history* and *community*, because the human individual can only build himself or herself as such, historically and to the extent that she engages in relationships with other human beings. This is why one's capacity for choice is always influenced by the structures of living

³⁵ Sen (1999c).

³⁶ Sen (1999c:17).

together in which one has grown. What defines and maintains a human being as a person is precisely this insertion in a particular historical and community frame.³⁷ And human beings build their personal life projects to the extent that they “appropriate”³⁸ in a certain way the particular historical and social reality in which they each find themselves. As a consequence, with the same socio-historical reality, human beings will have quite different life plans, depending on the way they appropriate reality. For example, as a woman living at the beginning of the 21st century, I have appropriated my particular socio-historical reality (such as coming from a middle-class West European family, having lived in a country with free education) by pursuing university education in Social Sciences and choosing an academic career, but I could well have chosen to appropriate that reality by pursuing university education in Medicine and choosing a medical career within a NGO framework. Had I been the same woman living in 12th century Western Europe in a rural area, the only way, perhaps, I could have appropriated the socio-historical reality was by entering an arranged marriage, undertaking farming and household works. Following Zubiri’s philosophy of history, I will call these various choices that a human being can make according to the way he or she appropriates the reality that surrounds him or her at a particular moment in time and in a particular space, “possibilities”.³⁹ Thus, despite remaining the same woman, endowed with the same capabilities for practical reason, affiliation, emotions, etc., my possibilities look quite different in the 21st century from those I could have had in the 12th century.

Moreover, by acting, the human being does not merely exercise her freedom of choice given the socio-historical reality that surrounds her, she also builds a world of realities, in such a way that her life, and the reality that surrounds her, takes a certain

³⁷ See for example the philosophy developed by the Spanish philosopher Xavier Zubiri in Zubiri (1974, 1986, 1995).

³⁸ Zubiri (1995:229). Appropriating the socio-historical reality is to be understood as making the things that surround us one’s own.

³⁹ Zubiri (1995:229).

direction impeding other future choices, and building new realities for future generations. For example, the decision of the Costa Rican President to abolish the army in 1948 was a typical case of how a particular person appropriated in a certain way the particular socio-historical reality of Costa Rica, shifting the development of Costa Rica in one way, and impeding other choices (like a military coup to overthrow a socially progressive government). The President had the possibility of abolishing the army because of the socio-historical evolution of Costa Rica. Such an action would never have been possible in Guatemala for example, where the President who introduced social progressive reforms was overthrown by an army that the socio-historical reality of Guatemala made it impossible for him to abolish.

If the choices that individuals make are crucially dependent upon the particular structures in which they find themselves, and upon how they react to these, rather than upon autonomous choices that are inherent to their inner self, then it seems that the capability approach to development can no longer consider individual agency as ultimately central to addressing deprivations, as Sen affirms, but will rather have to consider socio-historical agency (i.e., the ability that human beings have to bring about certain achievements given the particular socio-historical reality in which they are living) as ultimately central to addressing these deprivations.

Going back to the example of one of the two protagonists of *Women and Human Development*, Nussbaum advocates that, if the capability to exercise bodily integrity is a constitutional right, Vasanti could divorce her alcoholic husband who physically abuses her. If Vasanti chooses, however, to do so, she would most probably endanger either her own life or her environment (her family's reputation for example might be ruined by the shame caused by her divorce, or she might herself suffer from ostracism and be unable to find employment and a source of living). Vasanti simply cannot exercise her capability for bodily integrity, should that capability be constitutionally guaranteed. Even though,

she apparently has the capability to exercise her bodily integrity (she can rely on a legal framework that will protect her), she will only be able to exercise it if she encounters the necessary collective possibilities, such as well-organised women's rights group that will protect her from the possible violence of her own family due to the shame that a divorce might cause in her culture, or female support groups that will protect her from male biases in legal courts, etc. Although Vasanti has the individual agency to exercise her right for bodily integrity, she lacks the *socio-historical agency* to do so.⁴⁰

One could object that the notion of socio-historical agency introduces a certain sense of fatalism. If the necessary structures of living together are not in place to build the necessary socio-historical agency upon which individual agency can rely on to address and overcome human deprivations, individual agency then becomes a useless notion. Would the capability approach to development that Sen qualified as a "freedom-centred view of development",⁴¹ then turn out to be a fate-centred view of development? This socio-historical agency that opens up different possibilities for individual (or collective) choices is not something that floats in the air, beyond individual reach. But neither is it something on which the individual has initiative.⁴²

First, far from being fatalistic, the notion of socio-historical agency emphasises that, in every voluntary human action, there is a certain degree of involuntariness. Human

⁴⁰ One could even affirm that the idea of human rights itself owes its emergence to the existence of a particular community endowed with a certain socio-historical agency. The idea of the French Revolution that "every human being is born equal", could only emerge because of a collective process of "possibilisation", that is, because a *group* of individuals took the necessary actions to change the particular socio-historical possibilities of French men and women in end 18th century France. As Ellacuría (1990) notes, human rights are successful achievements, which have been obtained through a process of liberation struggle that has only after led to the formalisation of certain rights in laws or constitutions. It is only later, after the liberation process from institutional domination, that liberalism and its focus on freedom can emerge. This leads Ellacuría to conclude that "freedom for all is impossible without a liberation process, so that it is not as much freedom which generates liberation, but liberation which generates freedom, even though both are mutually reinforcing." (p.415)

⁴¹ Drèze and Sen (2002:20).

beings are not aseptic agents, but are agents *of* history and *in* history.⁴³ The human agent never acts out just of his own individual agency, or out of his own will, but “acts within a trans-individual plan in connection with situations that exist independently of her will but which however determine her mode of being and making.”⁴⁴ This is why human action is always a mixture of “option [agency], acceptance and execution”.⁴⁵ One cannot make the *agency* aspect absolute, ignoring that human life is also *acceptance* of what cannot be immediately changed, and ignoring that human life is also *execution* of what is possible to execute given some real conditions. As human life always rests on the historical reality, the contents of human choices will always be conditioned by this historical reality and its system of possibilities. Even though one would have the power to choose, one would not be able to choose when real possibilities are absent.

Second, socio-historical agency rests upon the existence of certain structures of living together, and as such it rests upon the definition of its constitutive elements. Socio-historical agency is something that belongs to a particular historical community, is the condition of existence for individual agency, and is irreducible to interpersonal relations and yet bound up with these. This entails that the subjects of development are neither individual subjects, nor collective subjects, but are both individual *and* collective. As a consequence, the good of human life is brought about neither only by the mere collections of private or individual actions, nor only by the proper action of a collective subject which sacrifices the parts to itself. The good of humans is brought about by an action that is common to both the collective and individuals into which it flows back, and which, in turn, must rely on it, to paraphrase Jacques Maritain in the second epigraph of this chapter.

⁴² Ellacuría (1992: 430)

⁴³ Gonzáles (1992).

⁴⁴ Ellacuría (1992:477).

⁴⁵ *Ibid.*

Chapter II concluded that, in order to be a guiding theory for policy, the capability approach to development needed to rely on a certain vision of what human well-being consisted of, and the chapter discussed in that context various visions that had been proposed to give individual freedoms content. Given the limitations of freedom-based approaches to human well-being, such a vision, it was argued, was necessary to distinguish valuable from non-valuable (individual) freedoms.⁴⁶ This chapter has argued that development is not only a matter of promoting the freedoms that individuals have and that they have reason to choose and value, but, because the subject of development is at the same time both individual and collective, development is also a matter of promoting the freedoms that collectivities have and that are worthwhile for the collectivity as such. Therefore, drawing up a “list” of valuable structures of living together that build up a country’s necessary socio-historical agency to promote development, in parallel with Nussbaum’s list of valuable capabilities, would be a legitimate route that could be taken. But I have however preferred to follow the empirical route, and draw the necessary vision of valuable structures of living together in the light of the empirical case studies that the second part of this dissertation will examine. This chapter has already discussed some of these valuable or non-valuable structures, such as structures of inequalities, especially structures of power inequalities, the structures of production and labour relationships, a culture of political dialogue and a political ideology geared towards the ideal of social democracy.

As discussed in the introductory chapter, Sen’s writings pay careful attention to motivational structures which drive individual actions, and which can affect people’s well-being either negatively (such as for example revenge in the case of mafias)⁴⁷ or positively. In that context, Sen suggests a powerful structure of living together that acts

⁴⁶ It has to be underlined that any vision of human well-being is a socio-historical product, and, as such, should be considered in the light of the socio-historical limitations of our meanings, values and also of our actions.

as a constitutive element of a country's socio-historical agency to remove the unfreedoms that people suffer from, namely the level of social commitment and mutual concern that members in a given society express for one another. In Sen's theory, the motivational structures, and the moral sentiments in particular, that he views as important in enhancing economic exchanges as in promoting freedoms, appear to be more properties of individuals than properties of the communities of which individuals are members. However, as has been underlined above, it is only from their attachment to socio-historically determined communities that human beings draw their moral development, identities, values and motivations. As a consequence, the motivational structures that make people act in a certain way, in a way that will promote the well-being of their community or not, depend on the motivational structures prevalent in the socio-historical community of which they are part. The next section reviews different motivational structures that can act as powerful structures of living together which build a country's socio-historical agency to promote freedoms.

5. Motivational structures and social commitment

5.1. Self-interest

The assumption that human beings act self-interestedly seems to be as entrenched in economic theory as the conception of human well-being in terms of utility (although as will be discussed later in the section, the choice/preference-based view of utility can indeed go along with any set of motivations). In parallel to his sharp criticisms of utility, Sen has repeatedly criticized the assumption that the basic motivation behind human actions was self-interest. While our discussion of human well-being took for granted the view that the capability approach to development was better at capturing the idea of human well-being than utility, it cannot be taken for granted that self-interest is an inadequate way of understanding the motivations that lead human beings to act in one

⁴⁷ Sen (1999b:266-9).

way or another. What Sen rejects is not that human beings act in a self-interested way, but he rejects that this is the only assumption that can be made about how human beings act, as (neo-classical) economic theory does, and that this motivational structure is the best structure for providing the general well-being of society.

Adam Smith is often depicted as the champion advocate of the virtue of self-interest in better securing the well-being of society: "It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard of their own advantage. We address ourselves, not to their humanity but to their self-love."⁴⁸ However, Sen, and many others, have convincingly argued that Adam Smith did not simply praise the virtues of self-interest guiding the working of society, rather he also defended the moral sentiments (such as a minimum sense of concern for others and a minimum concern for justice) that ensured the best working of society.⁴⁹ In Smith's works, self-interest is always seen as "prudent self-interest", that is, "the wise conduct directed towards the care of the health, of the fortune, rank and reputation of the individual".⁵⁰ Self-interest needs to be guided by one's own well-being and the well-being of others with whom one lives. Prudent self-interest is the most fundamental virtue in Smith's works because it is the virtue that "provides the substantive means by which the collective material well-being of the society could be satisfied."⁵¹ The passage where Smith affirms that it is not from the benevolence of the butcher that one expects one's dinner should not be read as a praise of the virtue of self-interest, but rather as a praise of the impartial nature of market relationships.⁵² Many Smith commentators have argued that it is in that sense of achieving impartiality in economic exchange that Adam Smith's

⁴⁸ *Wealth of Nations*, Book I, Chapter 2, quoted in Werhane (1991:4).

⁴⁹ See for example Oostendorp (1995), Sen (1994a, 1997, 1999b:270-2), Werhane (1991).

⁵⁰ Oakley (1994:49).

⁵¹ Oakley (1994:50).

⁵² See Oostendorp (1995) and Werhane (1991).

use of the invisible hand, should be seen, rather than in the sense of transforming greed into a virtue. In a time of political partisanship and economic monopolies, Smith saw the free market not in terms of a mechanism driven by self-interest and personal profit, but in terms of a fair co-operation mechanism which, through its impartiality, did not favour one exchange partner over another.

While Adam Smith underlined the importance of other-regarding sentiments for ensuring the greatest well-being for all, most economists today avoid analysing the contents of human motivation by suggesting that the “interests” of a human being be recognised by observing his preferences.⁵³ Human beings are assumed to behave in such a way that they “maximise their utility from a stable set of preferences and accumulate an optimal amount of information and other inputs in a variety of markets.”⁵⁴ And they behave “rationally” insofar as their behaviour is the result of a “consistent maximisation of a well-ordered function, such as utility function.”⁵⁵ These assumptions constitute the core of what is known as “rational choice theory”.

Rational choice theory has often been criticised on the grounds that it is an egoistic theory, that all relations can be reduced to an instrumental calculation maximising one’s interests. However, it does not make any assumption about whether people are self-interested or not. No claim is made about what is to be preferred. Preferences can reflect moral principles or the interests of others. Becker recognises that people have multiple motives beyond self-interest: “The economic approach I refer to does not assume that individuals are motivated solely by selfishness or material gain. It is a *method* of analysis, not an assumption about particular motivation. Behaviour is driven by a much richer set of values and preferences than narrow self-interest.[...] The analysis assumes that individuals maximise welfare as they conceive it, whether they be

⁵³ Samuelson (1938).

⁵⁴ Becker (1976:14).

selfish, altruistic, loyal, spiteful, or masochistic.”⁵⁶

Sen has widely criticised this “rational choice” view of looking at human behaviour. He has argued for example that a person’s preference ordering represents too many and incompatible things. It is supposed “to reflect his interests, to represent his welfare, to summarise his idea of what should be done, to describe his actual choices and behaviour. Can one preference ordering do all these things?”⁵⁷ When preferences represent both choice and well-being, Sen warns that “this involves a substantive empirical assumption that a person’s choices must be governed by the maximisation of her own well-being,”⁵⁸ leaving hence little space for people’s choices to be governed by considerations of other people’s well-being.

Sen also points out that the self-seeking egoist conception of human action is not founded on empirical facts, but on two theoretical assumptions, namely that the general good is achieved by egoistic behaviour, and that it is possible to define a person’s interests in such a way that no matter what he does he can be seen to be furthering his own interests in every isolated act of choice: “If you are observed to choose x rejecting y , you are declared to have revealed a preference for x over y . Your utility is a numerical representation of this preference, assigning a higher utility to a preferred alternative. With this set of definitions, you can hardly escape maximising your own utility, except through inconsistency. [...] But if you are consistent, no matter whether you are an egoist, or an altruistic, or a class-conscious militant, you will appear to be maximising your own utility in this enchanted world of definition.”⁵⁹

⁵⁵ Becker (1976:153).

⁵⁶ Becker (1993:385).

⁵⁷ Sen (1982:99).

⁵⁸ Sen (1994b:386).

⁵⁹ Sen (1982:88-9).

In sum, far from avoiding the problems associated with self-interest, rational choice theory simply presumes that people will consistently pursue their preferences. Since an individual can be said to pursue her preferences whatever she does, preferences have either too much explanatory value or no explanatory value at all. As David Wiggins notes, “the consumer is said to maximise utility, and utility is defined as that which the consumer attempts to maximise.[...] The utility theory needs to be a psychological theory, but it does not even have the form of one, let alone the content.”⁶⁰ Rational choice theory seems to be thus of little help in our examination of the motivational structures which are conducive to the removal of unfreedoms.

5.2. Social norms and identity

While economics has tended to emphasise the importance of the motivational structure of self-interest in guiding human actions in society, sociology has tended to emphasise the importance of the motivational structures of social norms and identities in guiding human actions.

Social norms can be defined as “the propensity to feel shame and to anticipate sanction by others at the thought of behaving in a certain, forbidden way.”⁶¹ The particular society in which human beings live contains certain social structures that impose certain patterns of behaviour. These patterns reflect the customs, traditions, values, or ways of life of a particular society or group, through building norms of behaviour that are sustained and reproduced by the fear of sanctions if one does not follow them. Certain social norms related to a certain expectation of what governments ought to do for their people can, for example, act as powerful motivational structures to remove unfreedoms. For example, until the crisis of the 1980s, strong social norms existed in Costa Rica with regard to what the government was expected to deliver to its

⁶⁰ Wiggins (1980b:260-1).

⁶¹ Elster (1989a:105), see also Elster (1989b).

people, namely delivering social welfare institutions for all, including the poor and marginalized. If the Costa Rican government failed to deliver the necessary public social services that ensured a minimum level of health and education for all, it was sanctioned by not being re-elected. For example, in 1981, in the midst of an acute economic and fiscal crisis, the Costa Rican President did not give way to the pressures of the IMF to solve the crisis by resorting to cutting government expenditures –the President actually expelled the IMF mission on the grounds that eating was more important for the poor than paying the debt. While certain social norms contribute to promoting a country's level of well-being, other social norms guiding the relationship between a government and its citizens can lead to other scenarios. In the Dominican Republic, for example, social norms with regard to the role of the government have been characterised by clientelistic attitudes. Instead of being expected to provide the conditions for the well-being of the general population, the government is expected to secure goods and safe positions for those who have done favours to the members of the government rather than to secure the conditions of well-being for its whole population.

In addition to social norms, strong feelings of identity can also be powerful motivational structures for promoting minimum levels of well-being for all. Identity is a central aspect of human behaviour in the sense that actions express things about individuals and about the groups to which they belong, without any further end than expressing who they are.⁶² For example, when a national anthem is sung or a national flag raised, this behaviour can find an explanation neither in terms of self-interest, nor in terms of following social norms, but is the expression of belonging to a common group. And this identity with a particular group “can be, depending on the context, crucial to our view of ourselves, and thus to the way we view our welfare, goals, or behavioural

⁶² Hargreaves-Heap (1989).

obligations.”⁶³ For example, the long history of development of social welfare institutions in Costa Rica has built a sense of national identity around the symbols of the Costa Rican social democracy, such as the value of social security and a nationalised electricity company. And when attempts were made to abolish one of these symbols by privatising the electricity company, a wave of protests emerged across the country because this was seen as a threat to the core of Costa Rican identity. Similarly for social security, as the Costa Rican identity is fundamentally built up around its social democratic institutions (and pride in them), refusing medical treatment to a Nicaraguan immigrant would be perceived as an offence to the national identity, despite the heavy costs that Nicaraguan immigrants are laying on the Costa Rican social security system.

There are, of course, many other human motivations that can be conducive to the removal of unfreedoms, like altruism, acting out of moral virtues or moral principles, anger or indignation at the sight of injustice, etc. Reviewing all the motivational structures that are found in the particular socio-historical communities in which human beings live and from which they draw their motivation to act in one way or another would be a complex and difficult undertaking. But for the object of our present analysis, i.e. examining the motivational structures that allow a country's to build up its necessary socio-historical agency to undertake policies towards the removal of unfreedoms, one particular feature of these motivational structures seems crucial. Namely, to achieve such socio-historical agency, motivational structures need to include a minimum level of concern for the well-being of the other members of the community. Sen divided such other-regarding concerns between sympathy-based actions, on the one hand, where concerns for others directly affected a person's own welfare, and commitment-based actions on the other hand where concerns for others were independent of a person's own welfare. These two classes of action play a central role in Sen's capability approach for

⁶³ Sen (1985c:348).

promoting justice, or for making available to each citizen the conditions in which they are able to pursue the capabilities that they have reason to choose and value.

While Sen draws a division between these two motivational structures that socio-historical communities need to be endowed with in order to have the necessary collective capability to remove unfreedoms, sympathy and commitment need not be seen as mutually exclusive, but as inclusive of the same natural inclination that bends human beings to live together in communities, and that endows communities with the motivational structures necessary to support their collective capabilities to promote central human freedoms.

5.3. *Friendship and mutual concern*

This natural inclination that bends human beings to live together in communities is central in Aristotle's political philosophy. He builds his conception of the political community on the natural inclination that human beings express towards one another (*philia*). *Philia* expresses "any sense of affection, belonging to others, whether spontaneous or reflected, due to the circumstances or to free choice. It is the social link by excellence, which maintains unity among citizens of the same city, among companions of a group, among associates in a business."⁶⁴ *Philia* is characterised by what "friends" or associates have in common, whether a common advantage or a common interest, a common pleasure or a common character.⁶⁵ All three forms of *philia* (advantage, pleasure and virtue) are characterised by a sense of mutuality and reciprocity, by a sense of "wishing the other well".⁶⁶ Each friend has to somehow reciprocate what she receives from the other in order to sustain the relationship (whether the advantage,

⁶⁴ *Ethique à Nicomaque*, trans. J. Tricot, p.381, footnote 2. *Philia* has often been translated by friendship, but the modern conception of friendship suggests a particular intimacy that the Greek notion of *philia* does not suggest. See for example Sherman (1997:199).

⁶⁵ *Eudemian Ethics* 1236^a7-15, *NE* 1159^b34-35.

⁶⁶ *NE* 1156^a1-5, *Rhetoric* 1380^b36-1381^a2, Cooper (1977, 1980), Schwarzenbach (1996).

the pleasure, or the love for the other). If one party fails to respect the obligation to reciprocate what he receives from the relationship, the relationship ceases. For example, in a relationship where two parties are linked by a common advantage, the two parties have mutual obligations towards one another to bring about that advantage. *Philia* is therefore a natural “disposition of human beings to develop a sense of concern for the good of individuals with whom they share goods, identities and activities.”⁶⁷

The Aristotelian notion of *philia*, far from being the modern intimate conception of friendship, is what characterises the “natural inclination” that people have to live together.⁶⁸ Even if human beings have no common advantage in living together, they seem to “cling to life [in political community] even at the cost of enduring great misfortune, seeming to find in life a natural sweetness and happiness.”⁶⁹ By the very fact of having this natural inclination to live in communities, ties of “friendship”, and therefore ties of mutual concern for one another, link human beings together. Without these ties of mutual concerns that maintain the existence and survival of communities, human beings would simply be unable to live and survive together. But these ties of mutual concern are fragile, and may not necessarily ensure the good existence of the community and the collective well-being of its members: “There is always a difficulty in men living together and having all human relations in common.[...] We are most liable to take offence at those with whom we most frequently come into contact in daily life.”⁷⁰ And this is why this natural inclination needs to be codified under laws or institutions that guarantee that a minimum level of mutual concern is maintained, so that this natural inclination to have contact with one another does not lead to offences or conflicts: “A

⁶⁷ Yack (1993:36).

⁶⁸ “The impulse [*hormē*] to such a community is in everyone by nature.” [*Politics* 1253^a25] Insofar as the term *hormē* refers to the innate tendency of a thing to attain a specific condition, similarly to a seed that has an innate impulse to develop into a tree, human beings have an innate impulse to live in communities. [Miller (1995:35)]

⁶⁹ *Politics* 1278^b19-30.

⁷⁰ *Politics* 1263^a15-20.

social instinct is implanted in all men by nature, and yet he who first founded the state was the greatest of benefactors. For man, when perfected, is the best of animals, but, when separated from law and justice, he is the worst of all; since armed injustice is the more dangerous, and he is equipped at birth with arms, meant to be used by intelligence and excellence, which he may use for the worst ends. That is why, if he has not excellence, he is the most unholy and the most savage of animals, and the most full of lust and gluttony. But justice is the bond of men in states; for the administration of justice, which is the determination of what is just, is the principle of order in political society.”⁷¹ Given the fragility of bonds of mutual concern among members of the same community, these bonds need to be institutionalised through laws or institutions. Although human beings have a natural propensity to show mutual concern for one another, this concern has to be acquired through learning and habit.⁷²

In contemporary political philosophy, institutions that bind citizens of a same community together, for the sake of the collective well-being of its members, have been described as “norms of civic friendship”, which consist of “socially recognised norms concerning the treatment of persons”.⁷³ Civic friendship is not a form of altruism but exists to the extent that the friendship is advantageous to each one of the members of the same community. It “is founded on the experience and continued expectation, on the part of each citizen, of profit and advantage to himself from membership in the civic association. Civic friendship exists where each citizen wishes well to the others, and is willing to undertake to confer benefits on them, for their own sake, in consequence of recognising that he himself is regularly benefited by the actions of the others.”⁷⁴ Civic friendship can thus be associated with a notion of long-term self-interest. In the long-term, it is to the interest of each member of the community to express some concern for

⁷¹ *Politics* 1253^a30-40.

⁷² Miller (1995:65).

⁷³ Schwarzenbach (1996:105).

⁷⁴ Cooper (1999:332).

other members of the community, because by being concerned for the other member's well-being, one's own well-being will be enhanced. For example, the Costa Rican human development success could not be explained without a certain level of "civic friendship" where all the sectors of the society were willing to support the social democratic party and the expansion of the welfare institutions from the 1950s until the end of the 1970s. Without an understanding that being concerned for a healthy, well-nourished and educated workforce was beneficial to them, the business sectors would never have been willing to undergo financial burdens to finance the welfare institutions (for example, in 1971, a key welfare institution was created through the agreement by the business sector to pay a 3 % payroll tax to finance it).

Institutionalising these norms of civic friendship, through for example social norms, is thus central to building the collective capability to remove unfreedoms. Such institutionalisation cannot easily be theorised in a development theory built on the assumption that human beings live together on the basis of a free and revocable decision to adhere a community for their mutual advantage, as is the case with social contract-based theories. Rather, such institutionalisation is best theorised in a development theory built on the assumption that human beings have a natural inclination to live together. The assumptions upon which development theory is based, whether individuals live together for the sake of their mutual advantage or whether individuals have a natural inclination to live together, entail quite a different understanding of the obligations that members of a political community have towards one another, and hence entail quite a different understanding of what actions the members of the political community should take: "In the first perspective, all the obligations with respect to the community are conditional, i.e., relative to a revocable consent of the individual. In the second perspective, these obligations are irrevocable, for the sole reason that only the mediation of the community of belonging allows the human potentialities to flourish. If the individual only considers

herself originally as bearer of rights, she will hold the association and all the ensuing duties as a mere instrument of security under which she will be able to pursue her selfish aims, and she will consider her participation as conditional and revocable. If, on the contrary, she holds herself as indebted from her birth to institutions that alone will allow her to become a free agent, then she will consider herself as obliged with respect to those institutions, and particularly obliged to render these institutions accessible to others.”⁷⁵

Chapter II discussed how in later versions of her theory, Nussbaum’s capability approach no longer relied on a certain perception of obligations that people (especially through their government) owed towards one another, but rather relied on a certain perception of rights that citizens could claim from their governments. This change of perception is not neutral when it comes to undertaking actions towards promoting human well-being. I have already emphasised that it was not sufficient to claim that, for example, women had the right to bodily integrity, or that children had a right to education, for women to be protected from domestic violence or for children to be educated. Without the necessary socio-historical agency, that is, without the necessary collective action in a particular historical community to secure the conditions for these rights to be fully exercised, the rights discourse remained rather empty. And the best way through which that collective action might take place is through the existence of certain institutions that would provide the conditions for people to enjoy minimum levels of human well-being. Universal basic public health services are examples of such institutions that guarantee minimum health standards for all. Environmental laws are another example of institutions that embody the moral obligations that human beings have to each other to provide the conditions for clean air for all. If Costa Rica has been so successful in providing the conditions for human well-being for all, it is precisely because some people were committed to create certain institutions, and to render them accessible to all. Examples include a social security system with full coverage, such as

⁷⁵ Ricoeur (1991:163).

basic health services in rural areas, such as special nutrition and vaccination programs throughout the country, such as strict environmental norms to protect the forests, such as legislation to protect the lives of indigenous people, etc.

The mediation of institutions for securing the conditions for human well-being does not exclude the mediation of individuals, but is actually based on them. The mediation of institutions rests upon the mediation of individuals, insofar as these institutions rest upon the individuals that built the institutions – structures of living together, although having an existence independently of human beings, exist because individual human beings sustain them. Therefore, given that the mediation of institutions rests upon the mediation of individuals, the mutual obligations that people have towards one another, though they are expressed through institutions, are only binding for the individual human beings who constitute communities.⁷⁶ The Costa Rican social welfare institutions would not have emerged without the mutual concern for the collective well-being of the community of particular individuals, like Rafael Calderón or José Figueres.

The sources of an individual's concern for motivational structures for the well-being of the fellow citizens of his community do not lie only in the advantage for that individual's own well-being, or in the social norms of civic friendship that that individual has internalised, but perhaps more fundamentally in an individual awareness that some human beings are being harmed by not receiving their due as humans. This awareness is closely linked to what Paul Ricoeur calls the notion of "solicitude", which refers to "the feelings that are revealed in the self by the other's suffering, as well as by the moral injunction [to end that suffering] coming from the other."⁷⁷ The status of solicitude is that of "a benevolent spontaneity within the framework of the aim of the good life", that is

⁷⁶ Weil (1952:4-5).

⁷⁷ Ricoeur (1992:191-2).

“more fundamental than obedience to duty.”⁷⁸

This moral injunction emerging from someone’s suffering has also often been termed as “compassion”. Identifying compassion as the basic social emotion, Martha Nussbaum⁷⁹ describes compassion according to the following characteristics: the harm inflicted to the other needs to be serious (it involves the recognition that the situation matters deeply); an implicit conception of human flourishing is necessary for compassion to emerge; and finally the harms that the person suffers from are not deserved. Compassion is then a matter of a spectator who is “equipped with her general conception of human flourishing”, who “looks at a world in which people suffer hunger, disability, disease, slavery, through no fault of their own”, and who “in her pity, acknowledges that goods such as food, health and freedom do all matter, that the lot of the poor might be hers.”⁸⁰ Nussbaum argues that the emotion of compassion, because it “makes us see the importance of the person’s lack and considers with keen interest the claim that such a person might have, [is] something that provides in that sense an essential bridge to justice.”⁸¹ Justice can only emerge with difficulty without an awareness among members of the political community that some lives have been unjustly or undeservedly harmed, and without that “moral injunction coming from the other”. For example, one of the reasons why the Costa Rican President introduced bold social reforms at the beginning of the 1940s was the awareness of the sufferings of the marginalized that he encountered when he was a medical doctor. And he discovered during his medical studies in Belgium an adequate framework (namely the social reforms that took place in Belgium) to respond to that “moral injunction” that he experienced by being in touch with the poor in his own country.

Nussbaum emphasises the crucial role of some social institutions in constructing

⁷⁸ Ricoeur (1992:190).

⁷⁹ Nussbaum (1996, 2001b: chapters 6-8).

⁸⁰ Nussbaum (1996:36, 2001b:320).

⁸¹ Nussbaum (1996:37).

feelings of compassion, feelings of awareness of undeserved sufferings, in societies: if “compassionate individuals construct institutions that embody what they imagine, institutions, in turn, influence the development of compassion in individuals.”⁸² She suggests for example that her list of central human capabilities is a way of building institutions informed by compassion because the list points out central elements that no human life should lack. The human rights framework can be another example of such an institution built up by compassionate people after the tragic events of World War II, to protect human beings from undeserved sufferings. The modality of social security frameworks, whether pay-as-you-go systems or individualised capitalisation schemes, can also be seen as institutions that shape people’s sense of mutual concern for other people’s well-being.

5.4. Implications for development policy

Minimum levels of well-being for all, thus, cannot be promoted without a sense of mutual obligations that human beings hold towards one another, regardless of the motivations that are behind these obligations: the motivation of having a long-term self-interest to be concerned for the well-being of other members of the community, following social norms which contain norms of mutual concerns, expressing a certain sense of identity that embeds norms of mutual concern, or simply being moved in one’s own humanity by the harms being inflicted on others. Human beings, by virtue of necessarily belonging to a particular socio-historical community that allows them to constitute themselves as human, cannot survive without minimum levels of mutual concern for one another within the particular socio-historical community that sustains their lives. Development policies should not ignore that necessity of human life, and if they do, they risk being detrimental to people’s well-being.

Policies based on narrow assumptions regarding the motivations that inhabit

⁸² Nussbaum (2001b:405).

human beings (for example policies based on the assumption of self-interest), can trigger incentives that can change human behaviour, destroying other sources of motivation, and be detrimental to well-being. For example, the introduction in the 1980s in Costa Rica of a parallel private health system is progressively introducing incentives for people, essentially well-off people, not to care about the quality of public health (before the introduction of the private health system, as both rich and poor were using the same system, the rich had incentives to ensure, through their political and financial power, an efficient and good public health services). A study on the health reforms in Britain in the 1980s points to the same conclusion.⁸³ By introducing quasi-markets in welfare provision, and by assuming that the people who financed, operated, and used the welfare state were no longer assumed to be either public spirited altruists or passive recipients of state largesse, but that they were all somehow self-interested, has led people actually to behave in a more self-interested way. Considerations about the motivation on which policies are based are thus not neutral.⁸⁴

The macro-environment in which human beings live has important effects upon the way they consider one another, and especially upon the way they consider themselves as mutually concerned for one another.⁸⁵ Experiments in psychology have for example shown that people were more concerned for each other when more social interactions were allowed between the members of the experiments, when an awareness of a group

⁸³ Legrand (1997). See also Peters and Marshall (1996) who discuss how the changes in New-Zealand welfare policies (based on individualist instead of communal assumptions) have increased social inequalities, marginalisation and social exclusion.

⁸⁴ Titmuss (1970) has shown that, when people give blood for altruistic reasons, introducing a payment system would reduce or stop voluntary giving. See also Frey and Oberholzer-Gee (1997) who show that the willingness to accept a socially desirable but locally unwanted project (a nuclear waste repository) highly declines after monetary compensation is offered.

⁸⁵ Stewart (2002) discusses how the introduction of liberalisation and market-oriented policies in the 1990s has had a deep influence upon the mode of functioning of groups, and how group members behaved in a more self-interested and market-oriented way than in the post-war era where Keynesian and social welfare-

membership was fostered among them, and when the experience of sharing a common fate was emphasised.⁸⁶ The challenge of bringing these experimental results into the real life laboratory remains. How could a macro-environment that gives incentives to people to have closer contacts with each other and that stresses the idea that human beings are linked by a common fate, be created?

Social norms, identity, long-term self-interest or compassion are not motivations that are given in socio-historical communities, they are shaped by specific structures within that community. There are strong forces that shape motivational structures in certain ways rather than others. Among these forces, one finds the degree of power that certain groups command and that affect the different motivational structures from which individuals draw their motivations to act in a certain way. For example, the motivational structures of civic friendship or long-term self-interest that allowed the progressive building of social welfare institutions are being undermined in Costa Rica by international ideological forces that assume, without proof, that privatisation of public services will bring more efficiency in the economy and greater opportunities for providing the population with minimum levels of well-being. Relationships of power can significantly change motivational structures in societies, and the pressures of some international finance institutions to privatise public services in many Latin American countries act as an important channel for changing the motivational structures of society. However, other collective groups may act as a counterbalance and change motivational structures of societies in other directions. Collective pressure groups, such as trade unions or political parties representing the poor may be powerful actors that change motivational structures towards stressing the need for minimum levels of concern for each other's well-being.

In sum, the motivational structures inherent in a society can be seen as being part

oriented policies prevailed.

⁸⁶ See for example Turner (1987), Funk (1998). For a study on how situations where more interaction occurs

of a society's values regarding the sense of mutual concerns that people have towards one another. And as such, a society's values are shaped by the different actors in that society, by how they interact with one another and by the degree of power that they command. In other words, the values around which societies are built (including their values about social commitment) are shaped by the nature of democratic practice within that society. The next chapter turns to the third building stone of Sen's capability approach, that of the role of democratic practice in shaping a society's values and in shaping actions pursuing these values.

IV. Exercising political freedom and removing unfreedoms

“It is through democratic practice that there is some hope of addressing the prevailing biases of public policy and development patterns, whether they relate to the neglect of basic education, to the tolerance of environmental plunder, or to the squandering of scarce resources on military hardware.”

Drèze and Sen, India: Development and Participation, p.viii

“For the legislators make the citizens good [that is, the legislators provide citizens with the conditions for flourishing human lives], and this is the wish of every legislator; and those who do not effect it miss their mark, and it is in this that a good constitution differs from a bad one.”

Aristotle, Nicomachean Ethics 1103^b2-6

Considering people as subjects of their own lives, and not passive objects of social welfare policies, is central in Sen’s freedom-oriented approach to development. The expansion of the freedoms that people have reason to choose and value and the removal of unfreedoms, can only be achieved through participation and democratic practice.

This chapter begins by summarizing different definitions and rationales that Sen’s capability approach and contemporary development theory have given to the ability of people to be “actively involved in shaping their own destiny,”¹ which will be referred to as the exercise of political freedom.² It then highlights a major tension that a freedom approach to development faces when the exercise of political freedom is placed at centre stage of a development theory which advocates the expansion of human freedoms as its overall aim. This tension is heightened when the exercise of political freedom occurs within structures of power inequalities, which risk undermining the privileged process through which human freedoms are to be removed.

¹ Sen (1999b:53).

² The term “political freedom” is thus used here in Sen’s recent use of “freedom” as synonym for “capability”. Political freedom is the capability to participate in the life of the political community.

This risk has been especially addressed by what is known in political philosophy as the deliberative democracy literature. The chapter reviews that literature and examines to what extent it can provide insights for overcoming the dangers of promoting human well-being through the exercise of political freedom. Although the literature on deliberative democracy contains interesting elements for levelling the biases introduced by inequalities, it deals with ideal conditions for exercising political freedom. The challenge remains to transform these ideal conditions into real conditions, or real constraints, that will orient the exercise of political freedom towards the removal of unfreedoms.

The chapter concludes by examining ways in which this tension may be loosened, so that the central role that Sen's capability approach gives to the exercise of political freedom might better pursue its overall aim. It suggests that the capability space that Sen's capability approach advocates for well-being evaluation be supplemented by a procedural space of evaluation that assesses the exercise of political freedom in meeting the aim of the capability approach. Such a procedural space might be considered as an evaluation of a country's collective capability in promoting development.

1. Exercising political freedom in Sen's capability approach

1.1. Definitions

Although Sen's capability approach to development gives a central role to the ability of people to participate in policy decision-making, there seems to be some lack of clarity about what this ability involves. Sen refers interchangeably to two different notions of public debate, democracy and participation. For example, he sometimes speaks of "public discussion" when it comes to identifying the valuable capabilities that societies ought to promote.³ In other places, he speaks of the role of "popular participation" in

³ "In matters of public judgement, there is no real escape from the evaluative need for public discussion."
[Sen (1999b:110)]

decision-making.⁴ And sometimes, he speaks of democracy as the exercise of civil and political rights through free elections, a free press and freedom of expression, for example.⁵

In a recent book co-authored with Jean Drèze, *India: Development and Participation*, the generic term of “democratic practice” is used to refer to any practice that reflects the involvement of people in shaping their own destiny. Democratic practice is defined well beyond the exercise of basic political rights like the right to vote and the holding of free and fair elections. It also involves, for example, respect for legal entitlements, respect for the right to free expression (and uncensored media), the right to associate freely and hold public discussions, the right to organize political movements of protests, etc.⁶

Drèze and Sen also contrast the *practice* of democracy with its *ideal*. The latter gathers together the conditions for perfect democratic practice in the form, for example, of the formal exercise of political and civic rights, the full participation of people in matters that affect their lives, an accountable and transparent government and an equitable distribution of power.⁷ Democratic practice, defined according to the actual practice of these democratic ideals in a given society, critically depends on a large array of factors. These include, for example, the extent of political participation (like election turnouts, the number of political parties, and the number of people who present themselves in elections), the awareness of the public of matters of policy decision-making and policy implications (like full information on the social consequences of a certain policy decision such as, for example, the decision to privatise public services), the vigour of the opposition to the ruling political party, the nature of popular organizations (regarding the extent of non-corrupt practices and the education or personality of an

⁴ “The need for popular participation is not just sanctimonious rubbish. The idea of development cannot be dissociated from it.” [Sen (1999b:247)]

⁵ Sen (1999b:chapter 6).

⁶ Drèze and Sen (2002:24).

⁷ Drèze and Sen (2002:347).

organization leader), or the distribution of power in the country (such as the power of the ruling elite to hold back socially progressive reforms).⁸

While Sen's capability approach to development uses the notions of democratic practice and participation interchangeably, the notions of democratic and participatory decision-making are quite strongly differentiated in development theory, with democratic decisions being decisions taken by freely elected governments, and participatory decisions being decisions taken directly by the people affected by that decision.⁹ For example, the World Bank has recently put the discourse of "participation" at the centre-stage of its development activities, at least rhetorically. The World Bank defines participation as "a process through which stakeholders influence and share control over development initiatives and the decisions and resources that affect them."¹⁰ It distinguishes four levels of participation according to the degree to which stakeholders command decisions: *information* sharing (a government informs the public of what is being done), *consultation* (a government consults and asks the opinion of the public before carrying out a policy decision), *collaboration* (the public shares with the government the policy decision), and finally *empowerment* (a government totally devolves the policy decision to the public).

The World Bank's view on participation has essentially emphasised the instrumental role of participation in poverty reduction: "The ultimate aim [of participation] is increased accountability, transparency and efficiency of these governance

⁸ Drèze and Sen (2002:347).

⁹ Democratic decision-making has traditionally been assimilated to the holding of free and fair elections through which people would discuss and decide *indirectly* about matters that affect their own lives through elected representatives who represent their interests in the Legislative Assembly. In contrast, participatory decision-making has traditionally been assimilated to the *direct* involvement in political decision-making of specific groups such as organisations of environmentalists, gays or feminists, on the ground that their specific interests and claims are not adequately represented by indirect mechanisms of policy decision-making.

¹⁰ World Bank (2001b:3).

structures in promoting development and reducing poverty.”¹¹ The assumption behind the positive link between participatory mechanisms and poverty reduction is that, if the people affected by a decision participate in it, they will be more likely to make decisions that will be the most effective for them. Moreover, if the people who participate in decision-making are the poor, they are assumed to make decisions that better reflect, and hence most positively affect, their values and priorities.

Drèze and Sen’s use of “democratic practice” to refer to both participatory and democratic decision-making therefore appears rather confusing. It does not distinguish the fundamental differences between democratic decision-making, which is a way of making decisions in the political community through existing democratic political structures (such as a body of elected representatives, a multi-party political system, opposition parties, free expression, free elections, etc.), and participatory decision-making, which is a way of making decisions by directly involving the people, bypassing normal democratic mechanisms. The two case studies will give evidence showing that this distinction is fundamental for analysing the processes through which decisions are made in a political community. Participatory policy-making mechanisms which bypass the existing democratic political structures are often unable to transform the outcomes of decisions into actions because they fail to take into account the power structures involved in the existing political processes of policy decision-making. Therefore, in order to maintain the distinction between both forms through which people can partake in decisions that affect them, the notion of the ‘exercise of political freedom’ is suggested as a more adequate term, encompassing both notions while retaining their distinguished characteristics. *Political freedom* is defined as the ability to participate in the life of the political community by deliberating about what actions to take in the particular political community, whether through the existing (democratic) political structures or through ad-hoc direct participatory structures.

¹¹ World Bank (2001b:5).

1.2. Why exercising political freedom?

Chapter I noted that Sen's capability approach attributed three fundamental values to the exercise of political freedom: an intrinsic, instrumental and constructive value. Criticisms can be raised against the central role that a freedom-centred approach to development grants to the exercise of political freedom. Indeed, why should people be able to participate in decisions that shape their destiny? Sen's capability approach strongly stresses the intrinsic importance of political freedom, as even destitute people lacking the elementary basis for sustenance such as food and shelter, highly value the freedom to participate in decisions which affect their lives. But there may be a tension between the central role of the exercise of political freedom with the overall aim of the capability approach. If Sen advocates the precedence of consequentialist reasoning, and hence the priority of the expansion of freedoms, over procedural reasoning in decision-making,¹² it seems that the three fundamental roles that he attributes to the exercise of political freedom may contain an internal tension. Exercising political freedom, whether for its intrinsic, instrumental or constructive value, may lead to a situation in which members of a political community experience more unfreedoms (such as a lower ability of being healthy or educated than one where less political freedom is exercised). The claims that people express through democratic practice are not always claims that enhance valuable human freedoms – e.g. the expression of people's claims can lead to allocating more resources to the military than to primary health and education.¹³ The values that democratic practice may build are not necessarily good values upon which a society should be built upon, like for example racism. In other words, the intrinsic, instrumental and constructive value given to the exercise of political freedom can be in tension with a consequentialist approach to decision-making, as the second chapter

¹² Sen (2000a) argues that decisions are not to be taken according to a procedure, whatever their consequences, but actions are to be taken according to the broadly defined consequences that they produce.

¹³ See for example UNDP (2002) for an empirical analysis of the link between democratic practice and military expenditures.

already briefly discussed. A way to loosen that tension could consist in linking a conception of political freedom to a background setting of substantive normative aims such as the expansion of a certain set of human freedoms.

One may object that people cannot be *agents* of development, that people cannot be free “to bring about the achievements they value,”¹⁴ if they are somehow constrained to bring about certain achievements rather than others, such as the removal of a set of specific human freedoms. But this objection can be refuted if one endorses the position that the freedom that one has to choose and bring about what one values is one component, among others, of human well-being. Chapter II held the position that, “no plausible value theory could treat free choice as the only intrinsic good,”¹⁵ and that freedom of choice had to be considered within the constraint of institutions that secured the conditions for all to exercise central human freedoms. If Sen’s freedom-approach to development is a “plausible value theory”, then it cannot treat the exercise of political freedom as the only intrinsic good, but will have to treat it within the constraints of the existence of institutions that provide people with a minimum level of other freedoms. If a freedom-approach to development is to be internally consistent, it requires one making the normative claim that the exercise of political freedom is not a matter of deliberating about what actions to take, whatever their consequences, but is a matter of deliberating about what actions *ought to* be taken in the political community, bearing in mind the consequences that actions will have on the expansion of a certain set of freedoms.¹⁶

¹⁴ Sen (1992:57).

¹⁵ Hurka (1993:148).

¹⁶ That decisions in the political community ought to be taken according to their consequences upon the “good life” has been the central point of Aristotle’s moral and political philosophy, see for example *Nicomachean Ethics* 1103^b2-6, *Politics* 1252^a1-6, 1280^b30-40. In its Aristotelian sense, being “political” means having the capability to communicate and deliberate about what is good and about the actions to be done towards that good. See for example Cooper (1993), Dahl (1989), Miller (1995), Nussbaum (1990a) and Yack (1993). Miller (1995) especially discusses Aristotle’s claim that human beings are *political* animals more than bees and ants (*Politics* 1253^a1-17), because human beings do not only associate in activities together for the sake of living, but for the sake of living *well* together. Human beings are endowed with the capacity for deliberation about the just and the unjust. This has two implications. First, deliberation in the

In an ideal world, the exercise of political freedom could have an intrinsic, instrumental and constructive value without being constrained by a substantive normative claim. Ideally, the democratic practice that Sen talks about should lead to the choice of valuable ends, and to the choice of adequate means to pursue these valuable ends, by for example making resources available to promote literacy or primary care health centres in rural areas. Ideally, it should be constitutive of a society's values, and lead for example to a society which endorses as central values the value of environmental protection or the value of equal respect of citizens.

Sen's freedom-centred approach to development seems to rest on the assumption that political freedom is exercised under the *ideal* condition of political equality, where all members are equally entitled to participate in the policy decisions of the association to which they belong.¹⁷ Robert Dahl associates this ideal of political equality with the following normative characteristics: 1) effective participation: before a policy is adopted, all members of the association must have equal and effective opportunities for making their views known to the other members as to what the policy should be; 2) voting equality: every member must have an equal and effective opportunity to vote in the policy decision-making, and all votes must be considered equal; 3) enlightened understanding: each member must have equal and effective opportunities for learning about the relevant alternative policies and likely consequences; 4) control of the agenda: members must have the opportunity to decide about the agenda that will be discussed; 5) inclusion: each adult member of the association should be equally included in the policy decision-making process.

political community involves deliberating about what actions to take for the good of the members of the community. Second, justice does not emerge *from* the political community, as some communitarian philosophers such as McIntyre or Walzer have argued, but is *proper to* the political community because justice depends on the deliberation of individuals, based on their *logos*, on their capacity of speech and their ability to discern what is good to be pursued. See Aubenque (1998) for the communitarian misinterpretation of Aristotle's ethics.

¹⁷ Dahl (1989:chapter 8, 1998:37).

Even if it remains to be proved that the exercise of political freedom under the ideal condition of political equality will necessarily lead to the promotion of other human freedoms, it seems rather straightforward to conclude that, if even one of these conditions is not met in the practice of decision-making – and none of these ideal characteristics is likely to be ever met in practice – the exercise of political freedom may not have a positive impact on the consequences that Sen's capability approach sees as central for development. Requiring for example that each member should have equal understanding of a decision and its effects seems totally unrealistic in the case of complex social security reforms where most people have to rely on the simplified explanation of technical experts who can easily manipulate the information in the interests of the powerful, as happened during the social security reforms in the Dominican Republic. In that case, fulfilling the condition of enlightened understanding is dependent on the intellectual honesty of a-political experts, as the understanding of social security systems by its nature is simply not available to all. Similarly for the effective participation condition, even if each person has an equal opportunity to make her view heard, the person who speaks the most eloquently, with the most persuasive arguments, is likely to have her view better heard than others. For example, business people will often have the ability to hire the necessary consultants to make beautiful speeches praising the benefits of opening trade barriers, while the poor who will be affected by their decision through a drop in the prices of raw materials that they cultivate will often be unable to hire consultants that will provide them with the necessary persuasive arguments to defend their case.

If Sen's capability approach to development is to maintain its position of making the exercise of political freedom its central building block and of making of it the main instrument with which to influence and guide development policies, then it will need to include an evaluation of the exercise of political freedom, both in terms of its outcome (its impact on other human freedoms) and in terms of its procedure (its respect of some normative principles). In the practice of development, a freedom-approach to

development will have to be structured by certain principles that link the exercise of political freedom to its overall aim.

Sen has repeatedly stressed the multi-dimensional aspect of human well-being, that functionings were to be seen as “constitutive of a person’s being”, and that therefore “an evaluation of well-being has to take the form of an assessment of these constitutive elements,”¹⁸ but he has not stressed equally that the procedure through which well-being is to be enhanced, the exercise of political freedom, has multi-dimensional aspects as well. It contains *constitutive* elements or constitutive principles, namely a set of moral principles that will guarantee that the exercise of political freedom is consistent with an expansion of functionings. And in that sense, the evaluation of development will not only need to include an assessment of the constitutive elements of human well-being, but also an assessment of the constitutive principles of political freedom. The problems involved in Sen’s reluctance to give content to the constitutive principles of the exercise of political freedom are similar to the problems involved with Sen’s reluctance to give a specific content to the constitutive elements of human well-being.

Similar problems arise with the understanding of participation. The four modes of participatory decision-making mechanisms that the World Bank highlighted do not necessarily lead to poverty reduction if certain conditions and principles are not respected. For example, a government can inform the public according to its own interests (or to the interests of other parties such as transnational corporations or multi-lateral organisations), hiding some sources of information and making others public, as was the case with the Costa Rican government when it intended to open the telecommunication market to private companies (it hid that this opening was actually a way of smoothly achieving privatisation that international organisations were supporting). Or a government can consult the public before policy-making, for example, by referring the decisions to a group of experts, and then not pay attention to the policy recommendations that they make, as was the case in the Dominican Republic with the implementation of

¹⁸ Sen (1992:39).

the Comprehensive Development Framework, or in Costa Rica with the National Dialogue. The public can share a policy decision with the government, but it all depends on whom in the public shares with the government. For example, during the social security reform talks in the Dominican Republic, only the business sector and those employed in the formal sector were given the opportunity to have a share in the negotiations about the social security reforms, leaving the majority of the population working in the informal sector without any share in the negotiations.

1.3 Market freedoms and inequalities

One of the major factors that invite us to revise our faith in what the exercise of political freedom can do for promoting human freedoms is that the exercise of political freedom occurs in a context of power inequalities with conflicting interests. The structures of living together within which human beings live, and which provide them their conditions of existence, are not exempt from conflict and power issues. The world ideological systems and the world configuration of political power impose their constraints on the exercise of political freedom. For example, the Cold War and the fear of a Cuban revolution played a large part in the failure of the Dominican Republic to undertake progressive social reforms. Indeed, a progressive, democratically elected government was overthrown with U.S. approval in 1963. In contrast, socially progressive reforms in Costa Rica could be taken because they took place before the Cold War era, when an alliance with the Communist Party could still be possible. The world economic system imposes constraints on political systems that one cannot choose. For example, the crisis of the welfare system in Costa Rica in 1981 was prompted by international economic factors (soaring interest rates due to the oil crisis) in reaction to which the Costa Rican government could do very little. Even if all the characteristics of the ideal condition of political equality were met in a particular political community, external forces would still impose their views on some decisions, which this egalitarian political community would not be able to contravene. For example, if the members of a

democratically elected government refuse to sign the Kyoto agreement and reduce their carbon dioxide emissions, our egalitarian political community can do nothing about the consequences of that decision upon its climate.¹⁹ In our inter-connected world, there is no clear separation between decisions taken according to the exercise of political freedom within a particular political community and imposed decisions, or imposed constraints, from the outside. Along with these power imbalances with the outside world, which affect a country's margin of manoeuvre, one has also to include the power imbalances within the political community itself in which political freedom is exercised. Although every person might formally have an equal political voice, those who command more resources and education are likely to better be able to influence the decisions to their own advantage.

Drèze and Sen are not ignorant of the influence of socio-economic inequalities upon political inequalities and hence upon the capacity of the exercise of political freedom to remove unfreedoms. They note that these political inequalities "give disproportionate power to those who command crucial resources such as income, education and influential connections."²⁰ This has much to do with a tension that Sen has pointed out but has little explored, namely the tension between the freedom to participate in market economic exchange and the freedom to participate in the life of the political community. Among the capabilities that people have reason to choose and value in Sen's capability approach, lies not only the fundamental capability to shape one's own destiny by participating in the life of the community, but also the fundamental capability to participate in markets: "We have good reasons to buy and sell, to exchange, and to seek lives that can flourish on the basis of transactions. To deny that freedom in general would

¹⁹ See for example Pogge (2001) for a discussion on how global institutional factors impede democratic participation in many Third World countries because of the control of their natural resources by rich nations.

²⁰ Drèze and Sen (2002:28).

be in itself a major failing of society.”²¹ People should have the fundamental “right to interact economically with each other”, and failing to grant that right would be a significant “social loss”.²² But Sen warns that freedoms in markets should go hand in hand with freedoms in other institutions, so that extensive freedoms of some in markets do not override the freedoms of others in participating in the life of the community: “While emphasising the significance of transaction and the right of economic participation (including the right to seek employment freely), and the direct importance of market-related liberties, we must not lose sight of the complementarity of these liberties with the freedoms that come from the operation of other (non-market) institutions.”²³ This is particularly important because, although the freedoms to pursue market transactions lead to efficiency results, they may also result in greater inequalities, and corrective measures will need to be taken so that the freedoms of all in different institutions, market and non-market, may be guaranteed. For example, extensive freedoms in market transactions may result in environmental loss, or in reduced lower access to health or educational facilities by lower income groups. Sen emphasizes however that the remedy to correct the unfreedoms that market freedoms might generate “has to lie in more freedom—including that of public discussion and participatory political decisions.”²⁴

Political equality, or equal freedom to participate in the life of the community, is therefore argued to be central in ensuring equal freedoms for all. Precisely because those who enjoy more economic freedoms and who command more resources often trump the freedoms of those who command less resources, Drèze and Sen emphasize that the exercise of political freedom has to be “intimately connected with the demands of equality,”²⁵ and that “a fair distribution of power is a basic requirement of democracy.”²⁶

²¹ Sen (1999b:112). Sen gives the example of Russia where despite the considerable decline in life expectancy (especially for men) since the collapse of Communism, people do still deeply enjoy the freedom to participate in market transactions, as testified by non-reelection of the members of the Communist Party.

²² All quotes in the sentence from Sen (1999b:26).

²³ Sen (1999b:116).

²⁴ Sen (1999b:123).

²⁵ Drèze and Sen (2002:9).

When the exercise of political freedom is actually built upon the basis of the existing pattern of economic and social relationships in a country, it does not naturally wipe out the existing distribution of power generated by the existing pattern of economic and social relationships, but is more likely to perpetuate the existing distribution of power.²⁷ For example, if those who suffer from unfreedoms by lacking education and being economically marginalized have less political weight than others, then it is most likely that those who have more political weight will orient policies towards consequences that are favourable to them. If exercising political freedom is to be the means of social change through which the unfreedoms that people suffer from are to be removed, it is not likely to fulfill the task that the freedom-approach to development has assigned to it. Are we then bound to conclude that, “we cannot achieve more democratic participation without a prior change in social inequality and in consciousness, but we cannot achieve the changing social inequality and consciousness without a prior increase in democratic participation,”²⁸ and that exercising political freedom can only end up in either a virtuous circle or a vicious circle depending on the initial conditions of political equality?

Drèze and Sen insist that the presence of inequalities cannot justify authoritarian regimes that would provide a more equal basis for exercising political freedom. Even if a perfectly benevolent dictator would provide all the fundamental human freedoms (so that no member of that political community would be lacking of food, shelter, health, education, etc.), it would violate an important aspect of human well-being if it deprived the members of the community of their say in the organization of the community. This is why Drèze and Sen insist that the *only* route that can be taken to promote human

²⁶ Drèze and Sen (2002:353).

²⁷ Da Cunha and Pena (1997).

²⁸ Mc Pherson (1977:95-6).

freedoms is enhancing the political power of the unprivileged,²⁹ so that they can exercise their political freedom on the same equality basis as the more privileged.

Drèze and Sen propose two ways for enhancing the political power of the underprivileged and for responding to the problem of poor people's claims being trumped by the claims and interests of the more powerful.³⁰ Firstly, the capability of the underprivileged for self-assertion must be enhanced through offering incentives for them to organize in political organizations through which they will gain sufficient power to counteract the power of the privileged. Secondly, a sense of solidarity must be created between the most privileged and the underprivileged (e.g. intellectuals and higher social classes speaking on behalf of the underprivileged and defending their interests). The Costa Rican case seems to be the perfect example of a country successfully promoting human freedoms. Socially progressive reforms were implemented in the 1930s because the poor were sufficiently politically organized to claim their interests under the Communist Party, and because the intellectual and political elite had a sufficient sense of solidarity with the poor. But the question remains how to bring about these two crucial factors that Drèze and Sen point out are needed. If a country is driven by powerful elites who are not sensitive to the needs of the less privileged, and if powerful elites who are directing policy decisions impede the poor from organizing themselves politically (for example by maintaining low educational standards by not improving the public education system), one can have legitimate doubts about how these changes are ever to emerge in unequal societies.

Rather than setting the success of the exercise of political freedom in promoting development in the poverty sensitiveness of the elite and in the political strength of the poor, the World Bank has suggested that success lies in two more fundamental factors, namely the degree of power that stakeholders command on the one hand, and the history

²⁹ Drèze and Sen (2002:376).

³⁰ Drèze and Sen (2002:29).

of the country in terms of democratic or participatory policy-making on the other hand.³¹ As the case studies of Costa Rica and the Dominican Republic will show, the degree of power that actual stakeholders in decision-making processes command in society, as well as the country's political history, do indeed appear as essential factors in explaining the successes or failures of democratic practice in generating policies that remove unfreedoms. The challenge then lies in examining, assessing the impact of these two fundamental factors in promoting freedoms, and explaining what brings about such favourable political conditions for removing unfreedoms. This is what the second part of this thesis intends to do, but before turning to that, I would like to explore additional theoretical frameworks that could arm the capability approach with a specific decision-making mechanism that would, given structures of power inequalities, loosen the tension between the exercise of political freedom and the promotion of human freedoms.

2. Decision-making in the political community

2.1. Forms of practical rationality

What ought to be done and what actions ought to be taken in order to pursue what ought to be done has traditionally been the question that practical rationality or practical reasoning, has been aiming to address. Therefore an inquiry into *how* political freedom ought to be exercised and collective decisions ought to be taken in matters that affect the political community necessarily involves a discussion of practical reasoning or practical rationality.

Henry Richardson distinguishes three kinds of practical reasoning behind policy decisions:³² 1) ends-means reasoning, which starts from a given end and determines the best means to achieve that given end (instrumental rationality); 2) a revealed preferences approach to determine ends of policies; and 3) reasoning about ends (deliberative rationality).

³¹ World Bank (2001b).

³² Richardson (2002:99).

According to the framework of instrumental rationality, a certain end is taken as given and the task of decision-making amounts to finding the most efficient means to achieve that single pre-established end. The modernisation theories of development in the 1950s could be argued to be typical examples of policies taken according to the framework of instrumental rationality. There was a clear single pre-established end taken as given, namely pursuing economic growth through modernising the society. Technical experts would then advocate the best means to achieve that single well-defined pre-established end, without leaving much space for the exercise of political freedom among the society to deliberate and question the relevance of pursuing that single pre-established end.

Sen compares a decision taken according to instrumental rationality, which involves no discussion about whether the ends that are being pursued are worthwhile, with the decision of “an expert whose response to seeing a man engaged in slicing his toes with a blunt knife is to rush to advise him that he should use a sharper knife to better serve his evident objective.”³³ Failure to intervene with that man’s action to slice his toes would evidence a sense of moral irresponsibility, and failure to critically reflect upon the goodness of that man’s objective would appear quite unreasonable and even as a sign of psychic dysfunction. The exercise of political freedom can thus not remain remote from a discussion and evaluation of policy ends, and cannot consist either in a mere acknowledgment of ready-tailored means to achieve unquestionable ends.³⁴ The exercise of political freedom requires a discussion about the relevance of the ends that policies are pursuing, as well as a discussion about the means that ought to be used in order to pursue these ends.

³³ Sen (1995:16).

³⁴ See Richardson (1994, 2000b, 2002a:chapter 8) for a discussion about the inadequacy of instrumental reasoning in guiding policy decisions, and its failure to include a deliberation about ends and means. See also Wiggins (2000) for a discussion of instrumental rationality and its failure to include deliberation about ends in the domain of environmental protection.

Instrumental reasoning would be sufficient for policy decision-making only when there is a clear and well-defined goal, and where there is no significant disagreement regarding the choices of the best means to achieve that well-defined goal.³⁵ Obviously, in matters of human well-being and in matters of deciding about the best institutional arrangements to secure that well-being, there is no clear and well-defined goal. What dimension of human well-being should be pursued? What are the best means to achieve it? For example, even if there were an agreement that health services were a dimension of human well-being that every human being should have access to, opinions would still remain divided on whether health should be secured through universal public provisioning or private health services. Exercising political freedom is thus incompatible with the partly instrumental mode of practical reasoning.

However, one has to note that, even though policy decision-making through instrumental reasoning is incompatible with exercising political freedom, there still exist many situations where political freedom is constrained to take place in a mode of instrumental reasoning, where members of a political community are left no option other than that of choosing the means towards an imposed end, without having the opportunity to discuss the relevance of pursuing that (imposed) end. For example, when a country is driven by external constraints (such as international financial institutions, or global ideological forces) equating development with a reduction in monetary poverty, equating monetary poverty reduction with the pursuit of economic growth, and finally equating the pursuit of economic growth with privatisation of public services and liberalisation of markets, the exercise of political freedom becomes like a show. In this situation, policy decisions are made by actors external to the political community. And because these actors command more power by being creditors, the members of that community are left no option other, given these power imbalances, than accepting the imposed end and imposed means to achieve that single imposed end.

³⁵ See Finnis (1992, 1997).

A second way of making policy decisions consists of evaluating people's revealed preferences, and of taking actions that will fulfil these preferences. According to this mode of reasoning, the preferences expressed by the majority are assumed to reflect the will of the people. Little moral evaluation is to be given to what individuals express as being their preferences. The hypothesis generally is that the members of a political community will make decisions that best promote their own interests, whatever these interests are.

This position essentially underpins much of the literature of game theory and rational public choice.³⁶ Some people might argue that game theoretical models based on the assumption that individuals are self-interested represent quite an accurate picture of reality. Indeed, when one looks at the reality of policy-making in the Dominican Republic, the social security policy reforms do seem to be the outcome of the interests of the most powerful individuals or groups of individuals that have succeeded in imposing their views and interests on the majority. Failure to allocate resources to primary social services is indeed often due to the influence of powerful elites that control government decisions. Political scientists equipped with the tools of game theory would probably not lack empirical observations to support their theories. It is beyond the scope of this dissertation to discuss the adequacy of the rational public choice approach in explaining policy decision-making processes. Instead I would like to discuss whether rational public choice is an adequate type of practical rationality for reconciling the exercise of political freedom with the overall aims of the capability approach.

Chapter II has argued that the revealed preferences approach to well-being is an inadequate guide for policy-making because it fails to give an account of the valuable reasons that lead people to express various preferences. If a powerful group has a preference for a particular social reform so that their profit could be increased at the expense of many living in abject social conditions, is their preference based on reasons

³⁶ For the main protagonist of the "rational choice model" of public decision-making, see for example Buchanan (1962), Buchanan and Musgrave (1999).

that *all* can accept as *valuable* reasons to act upon? The world may be a game where the most powerful seek to advance their interests, but is this the way the world *ought to be* directed? Because the exercise of political freedom is the logic according to which people make decisions in the political forum,³⁷ it has to be constrained by a *normative ideal*, that of promoting a certain set of human freedoms. As political freedom is exercised for deciding what ought to be done in the political community, the pursuit of one's own interests does not always match the pursuit of the interests for all. Therefore, the logic of decision-making in the political community (the community in which people discuss so that they can live and survive together) needs to be based on a logic other than the economic logic of the market where equilibrium is supposed to emerge from the pursuit of one's own private interests. Such a logic that would guide decision-making in the political forum has been explored by a recent literature in political philosophy, the literature on deliberative democracy. This literature emphasises that decision-making in the political community should be the outcome of a process of public *deliberation* between *equal* and *free* citizens about the ends of the political community and the means to achieve these ends. Only such an outcome, according to deliberative democracy theorists, is a fully legitimate political decision.³⁸

2.2. *Deliberative democracy*

Deliberative democracy is defined as “a framework of social and institutional arrangements that 1) facilitate free reasoning among equal citizens by providing for example favourable conditions for expression, association, and participation, while ensuring that citizens are treated as free and equal in that discussion; and 2) tie the authorization to exercise public power to such public reasoning, by establishing a framework ensuring the responsiveness and accountability of political power to it through

³⁷ For how and why the logic that guides decision-making in the political community is different from the logic that guides decision-making in the market, see Elster (1997).

³⁸ Bohman (1998:401). For a review of the literature on deliberative democracy, see also Freeman (2000).

regular competitive elections, conditions of publicity, legislative oversight, and so on.”³⁹

An essential characteristic of the deliberative democracy literature is its *ideal* character. It is fundamentally conceived as a normative ideal that policy decision-making should attain as nearly as possible.⁴⁰ It does not seek so much to explain what collective decision-making *is* than setting the conditions for what it *ought to be*. Such an idealistic stand may appear quite remote from the concerns of this chapter, which are to examine ways in which the exercise of political freedom may be reconciled with the overall aim of the capability approach in *actual* world conditions. However, the ideal conditions that the deliberative democracy literature sets as necessary conditions for a fair and legitimate collective decision-making may provide some illumination on how to reconcile the two incompatible building blocks of Sen’s freedom-approach to development. It may provide insights for setting some conditions that may act as a way of leveling the playing field for inequalities in power that bias the exercise of political freedom.

Firstly, the essential feature of the literature on deliberative democracy is that citizens are treated as *free and equal* in the deliberation process. The ideal condition of freedom entails that “the participants regard themselves as bound only by the results of their deliberation and by the preconditions for that deliberation. Their consideration of proposals is not constrained by the authority of prior norms.”⁴¹ This means in other words that people enter the deliberation process with a willingness to change their prior vision about what should be done. For example, if the head of a business association enters the deliberation process concerning the design of a social security reform with the proposal to have a private pension system, he is assumed not to be bound by any prior norms and to be free to revise his position if, in the light of the discussion, he is convinced by arguments about the social costs of his proposal. Hence, bound only by the deliberative

³⁹ Cohen (1998:186).

⁴⁰ Freeman (2000:379).

⁴¹ Cohen (1997:74).

process itself, participants have an equal voice in each stage of the deliberative process and no participant, or group of participants, dominates another, or has the “capacity to exercise power arbitrarily.”⁴²

The condition of equality is one of the key conditions for a fair or just collective decision-making. Each person should be granted equal concern and respect.⁴³ If the conditions of equality are not met at the beginning of the deliberation process, unequal conditions are most likely to lead to an outcome that will deepen the inequalities, since a deliberation among unequal participants will often tend to “reproduce and reinforce the advantages of those who possess sufficient cultural resources and political capacities to get what they want.”⁴⁴ As the exercise of political freedom is built on the existing structure of social relationships and is likely to reproduce the existing structure with the same distribution of power, the normative condition that each person or group be able to revise their prior ends according to the reasons that each party gives for holding a particular standpoint is of crucial importance.

Secondly, the requirement that each person be given equal voice in the decision and equal standing at each stage of the deliberative process entails that each person be endowed with the necessary means that guarantee such a requirement be met. James Bohman suggests that the fundamental equality necessary for a fair deliberation process is that of “effective social freedom, understood as capability for public functioning.”⁴⁵ In order to be able to function well in the public sphere and to be free and equal citizens, participants should not be above or below a certain *threshold level of adequate political*

⁴² Richardson (2002:33). He discusses three concepts of non-arbitrariness: one objectivist (a government acts non-arbitrarily if it pursues the public good), one welfarist (a government acts non-arbitrarily if it promotes the welfare of the citizens), and one liberal (a government acts non-arbitrarily if it respects a set of fair procedures that all have agreed upon and that protects fundamental liberal rights). This dissertation has adopted an objectivist vision of non-arbitrariness: a government makes a decision in a non-arbitrary way if the decision respects, and promotes, a set of “human excellences”, or a set of central human freedoms.

⁴³ Richardson (2002:28).

⁴⁴ Bohman (1996:18).

⁴⁵ Bohman (1997:322).

functioning. Bohman understands this threshold level as “the capability for full and effective use of political opportunities and liberties in deliberation, such as when citizens make their concerns known and initiate public debate about them.”⁴⁶ If citizens are below a certain threshold level of adequate political functioning, they lack the skills necessary to engage into public deliberation, and will therefore not be able to participate in the deliberation and be able to influence its outcome. Conversely, if some citizens are above a certain upper threshold level of adequate public functioning, they will have too much power in influencing the deliberation outcome.

The idea of adequate public functioning requires a considerable level of *cognitive and communicative skills*,⁴⁷ which ensures that nobody is below or above a threshold, and which ensures that each participant is able to make his or her concerns known and able to initiate a public debate about them. If citizens are expected to be able to form and articulate reasons that others might accept, and adequately communicate them with others. This requires a strong educational system guaranteeing equal educational opportunities, with adequate public spending.⁴⁸ Furthermore, participants in the deliberative process need to have the necessary skills to access and process information in order to be able to use and transform that information into forceful arguments. Again taking the example of deliberative decision-making about the nature and contents of social security reform, any party should fulfil the normative condition of being able to foresee the social and financial consequences of different modalities, and of being able to understand them. This would require that the representatives of the poor possess the same communicative and cognitive skills as the head of business organisations (and the same ability to commission the necessary studies for analysing the socio-economic consequences of the different modalities). Participants who are lacking these cognitive

⁴⁶ Bohman (1997:325).

⁴⁷ Bohman (1997:325). See also Bohman (1996: chap.3) for a discussion about the equalities necessary for deliberation.

⁴⁸ Knight and Johnson (1997).

and communicative skills, even though they are formally and physically included in the deliberative process, will most likely be excluded from it.

The exercise of political freedom within a political community is thus not inclusive if each member has been able to exercise his or her political freedom by participating in the discussion on matters that affect her. It is *inclusive* only if each member of that political community is equipped with an adequate level of political functioning and adequate cognitive and communicative capacities to advance their claims, so that “the silence [of those who lack the necessary cognitive and communicative skills to engage into deliberation] is [not] turned into consent by the more powerful deliberators who are able to ignore them.”⁴⁹

Thirdly, the deliberation of free and equal citizens in conditions of full inclusion is expected to lead, despite their plurality of opinions, to a *reasoned agreement* between the different parties: that is, an agreement that the participants accept on the basis of reasons convincing to everyone and reasons that are mutually acceptable. These reasons need also to be public, and people who make decisions on the basis of these reasons and on behalf of others need to be accountable to them.⁵⁰ This includes a sense of mutual respect. Ideas need to be discussed while respecting and taking into account other people’s opinions.⁵¹

Some theorists have stressed that this ideal of reasonableness, understood as the ability to change one’s opinion if other people’s opinions lead one to realise that one’s initial opinion is incorrect or inappropriate, has to be seen as a “set of *dispositions* that

⁴⁹ Bohman (1997:333).

⁵⁰ Gutman and Thompson (1996, 2000). They see the principles of publicity and of accountability as essential to the deliberative process in situation of mutual disagreements. The former principle requires “that reasoning be public in order to be mutually justifiable,” and the latter requires “that officials who make decisions on behalf of other people should be accountable to those people.” [Gutman and Thompson (2000:169)] They also add a third essential principle, the principle of reciprocity, which involves that people deliberate only under principles that can be justified to others.

⁵¹ Gutman and Thompson (1996:79-91).

people have and not a *substance* of people's contribution to debate."⁵² The ideal condition of reasonableness is thus not linked to a substantive conception of what is good. The participants are simply asked to be able to revise their reasons for the sake of endorsing the reasons that they find more acceptable, independently of whether these new reasons are closer to an independent source of truth (the requirement of freedom entailed that participants entered the deliberation process free of prior norms, and hence free of any attachment to a particular mark of truth).

Other deliberative democracy theorists have stressed in contrast that no reasoned agreement could be independent of any criterion of truth, and that the deliberative process could not avoid relying on substantive elements. These theorists have pointed out that, "because the reasons have to be mutually justifiable, the process presupposes some principles with substantive content."⁵³ As a consequence, since not all decisions adopted by free and equal people in a context of reasonable pluralism can be accepted, the deliberation process needs to be oriented towards some criteria of truth. Democratic legitimacy thus depends also on the content of the outcomes, and not simply on the procedures according to which democratic decisions are made.⁵⁴ Justice or a just and legitimate democratic decision cannot be "nothing other than what the members of an *inclusive* public of *equal* and *reasonable* citizens would agree under these ideal circumstances,"⁵⁵ as some deliberative theorists have claimed, but it has to be the outcome of an inclusive public deliberation of equal and reasonable citizens consistent with some substantive background. If for example a deliberative process between free, equal and reasonable citizens concludes that immigrants who have not resided in a country for more than five years are not entitled public benefits such as basic health care or basic primary education, then, even though that democratic decision would respect the ideal conditions of a fair deliberative process, it does not respect a substantive vision that

⁵² Young (2000:24). Italics are mine.

⁵³ Gutman and Thompson (2002:158-9).

⁵⁴ Cohen (1996).

⁵⁵ Young (2000:33).

every human being should have equal rights to a decent health and education system, whatever their nationality or race.

Fourth, those who advocate a substantive (also known as epistemic) conception of deliberative democracy argue that, without an “appeal to a procedure-independent standard of correctness or truth,”⁵⁶ an agreement reached in conditions of equality, inclusion and reasonable pluralism is not a guarantee of the correctness of that decision. This “orientation to truth”⁵⁷ can actually be seen as the fundamental distinction between deliberative conceptions of democracy and procedural ones. These truth conditions “are logically independent of the democratic process” and “pertain to what we ought to do.”⁵⁸

These truth conditions can be seen either as the protection of liberal rights, or as the pursuit of the public good. Some theorists advocate that the outcome of the deliberation process is to be consistent with the protection of liberal rights for all (such as freedom of expression, freedom of worship, freedom of fear, of want).⁵⁹ Gutman and Thompson for example introduce the ideal of “liberty and equal opportunity” to act as substantive elements in the deliberative process, so that “one should be able to say: the majority acts wrongly if it violates basic liberty by denying health care on grounds of race, gender, or poverty.”⁶⁰ Other theorists argue that a degree of mutual concern or a conception of the public or common good needs to be included in the ideal conditions for a fair deliberation process.⁶¹ Henry Richardson suggests that the concept of public good “provides the conception of final ends towards which political action is aimed [and helps] articulate and determine what it is that we ought to do.”⁶² He opposes the concept

⁵⁶ Bohman and Rehg (1997:xx).

⁵⁷ Estlund (1993), Richardson (2002:76).

⁵⁸ Richardson (2002:139).

⁵⁹ See Richardson (2002:chapter 2) for a discussion about the protection of liberal rights as the backdrop that democratic decision-making cannot infringe.

⁶⁰ Gutman and Thompson (2002:61).

⁶¹ Cohen (1997).

⁶² Richardson (2002:40).

of public good to that of the common good, which he understands as the sum of individual goods. This vision actually contrasts with the Natural Law tradition, which considers the common good as the good not of the separate individual members, but as the good of the whole body.⁶³

Chapter II concluded with a certain vision of the common good designed to serve as a normative substantive basis to guide and assess collective decision-making. Such a common good approach to deliberative democracy might contain the danger, as some theorists have warned, that, “powerful and dominant groups are likely to impose *their own values*,”⁶⁴ and that the idea of the “common good” might reflect more the good of the more powerful than the good of the less privileged. But this is precisely the reason why the deliberative process needs to be oriented by an independent conception of truth that will guarantee that the values that the participants have agreed upon as being worthwhile to be pursued are not the expressions of the most powerful or “enlightened” participants, but are the expressions of what all human beings find worthwhile to pursue, by the very sake of sharing the same human life. Of course such a conception of “truth” is provisional, unstable and revocable, since the conception of “truth” is only a temporal equilibrium that can be moved to another equilibrium when the existing conception no longer generates enough agreement to remain stable. Substance can be changed when conflict emerges so that the existing institutionalised agreement around “truth” is transformed into another agreement. Justice is a substance permanently modified by the conflicting views among a given community. For example, before the social revolution in 19th century, a conception of poverty and social order as God-made prevailed and hence justice was conceived as a matter of private charity towards the poor. It is the socialist struggles in the industrialization era which shook that substantive equilibrium,

⁶³ See for example Finnis (1980) for a discussion about the common good in the Natural Law tradition.

⁶⁴ Young (2000:43). See also Dahl (1989:chapter 12) who discusses the tensions between substantial and procedural approaches to democratic decision-making. If following a procedure does not entail that decisions will be good, the danger in overstating substance may open the door to a dictatorship of the enlightened who know better than others what is good.

leading to a new “truth” equilibrium, that of poverty and social order as man-made, and leading to a conception of justice as a matter of changing the man-made structures that cause poverty.⁶⁵

Finally, the idea of the “truth-orientation” or the “common good-orientation” of the deliberative process introduces another ideal condition necessary for a just deliberation process, the ideal of *mutual commitment* and *mutual responsibility*. The previous chapter argued that, by the very fact of being human, human beings lived in particular socio-historical communities that provided them with the necessary structures for them to live as humans, and that a minimum level of mutual concern for one another was essential for the sustenance of human life in political communities. This condition of mutual commitment and responsibility could also be considered as a corollary of the condition of reasonable agreement, in the sense that individual interests have to give way to societal interests. Only by being mutually committed to one another’s well-being, or to one another’s good, can the participants in the deliberative process arrive at an agreement that will be fair and to the advantage of each participant, even though this will require some losses for some.

2.3. Reconciling procedure with substance

The theory of deliberative democracy obviously sets up a very demanding normative ideal, and “the question remains of the feasibility of this ideal and whether it can ever play a role in explaining [and guiding] political conduct.”⁶⁶ In practice, parties entering the deliberation process will obviously be bound by prior norms about what should be decided, and will have little willingness to revise their norms, or if they change them, they might be threatened by members of their group to return back to their previous

⁶⁵ See for example Hampshire (1999) for a discussion of the conception of justice as a substance that consists of an institutionalised agreement among all the parties (provided all the parties have been equally heard).

⁶⁶ Freeman (2000:373).

position. For example, in the Dominican Republic, the head of the business association who signed the agreement for the social security reform that the other parties were suggesting was forced by the other members of the association to revise his signature and resign from his chairmanship. Even though he changed his prior norm of what should be decided, conflictual interests made it impossible for him to be detached from the prior position. In practice, the conditions of equality and threshold level of political functioning can never be entirely met. Moreover, if a minimal threshold of political functioning, with its requirement of a minimum level of cognitive and communicative skills, is to be met through a better public education system, and as a consequence through more public resources allocated to that end, it seems that the allocation of public resources cannot be decided through the exercise of political freedom in conditions of inequalities, unless some people in places of power are committed to speak out for the poor and marginalized who only have access to a poor quality of public education.

This dissertation does not pretend to examine ways in which the *ideal* put forward by the deliberative democracy literature could ever serve as a guide for *actual* policy decision-making, rather it tries to provide a normative *evaluative* procedure that would link the exercise of political freedom with the promotion of a set of various human freedoms. The normative ideal conditions highlighted by the deliberative democracy literature could provide some content to the value of political freedom. But despite the insights that the deliberative democracy literature might bring to giving content to the exercise of political freedom, and providing an evaluative norm for assessing its value, the deliberative democracy literature does not appear to offer a necessary link between the exercise of political freedom and the enhancement of other freedoms for two major reasons. First, it is not clear how and where the ideal conditions of equality, non-domination, etc. are derived from. In fact, no justification is given to their provenance, beyond what can be agreed to in a hypothetical contract between free and equal citizens. Second, unless a requirement of truth-orientation is not specifically introduced, the exercise of political freedom under the fulfilment of all the other conditions would still

not guarantee that other freedoms such as minimum levels of health and education for all would be guaranteed.

A major characteristic of the literature of deliberative democracy is its procedural nature, namely that the principles through which people will make decisions are independent of any conception of the good – the idea of the good is introduced only by some deliberative theorists, and is introduced only after the principles have been derived from an hypothetical social contract. Chapter II has extensively argued that the liberal hope of building a theory of justice – while refraining from taking a particular position regarding what is good for human beings – is a vain hope. Therefore, if Sen's capability approach to development is to be a theory of justice guiding development policies towards the removal of unfreedoms, its conception of political freedom cannot be linked to a procedural framework independent of what is good for human beings.

The value of political freedom can be reconciled with the value of other freedoms, and the central role that a freedom-approach to development gives to the exercise of political freedom can be reconciled with its overall aim only when the procedural framework through which political freedom is to be exercised is linked to a substantial framework. This entails that the exercise of political freedom will have to contain principles derived from a certain conception of what is good for human beings. These principles could actually be seen as an additional evaluation framework of development. Although Sen's capability approach is entirely based on a consequentialist evaluation of development policies, i.e., development policies are to be assessed according to the consequences they bring about in terms of capability expansion, Sen has also underlined that "the capability approach does not claim to contain an exhaustive evaluation of what is relevant for well-being", and that "rules and procedures can for example be as important as freedoms and outcomes."⁶⁷ The capability space can thus be supplemented by a procedural space, and this chapter has argued that it needs to be if

⁶⁷ All quotes in the sentence in Sen (1999b:77).

freedom had to retain its central stage position. The next section explores ways in which the capability space can be so supplemented.

3. A thick vague theory of political freedom

3.1. The discernment of perception

In a major paper entitled “The Discernment of Perception: An Aristotelian Conception of Private and Public Rationality”, Martha Nussbaum discussed a strong alternative to conventional approaches to practical rationality and decision-making procedures.⁶⁸ Although not directed at procedural decision-making mechanisms as such, Nussbaum’s groundbreaking study of Aristotelian rationality can provide the insights needed for building an additional, both substantial and procedural, evaluation space to the capability space in the evaluation of human well-being and development policies.

Aristotle’s conception of practical rationality (*phronēsis*) indeed offers an interesting approach to decision-making by being a conception of rationality that mixes both substance and procedure, that mixes features from teleological approaches to justice (being just is what leads to certain consequences) with deontological approaches (being just is what respects a set of principles). Acting according to *phronēsis* can be seen as a teleological act because any act is to be assessed according to its consequences upon human well-being, but it can also be seen as a deontological act because the act is *not* judged *only* according to its consequences and successes in promoting human well-being (as it is in Sen’s capability approach to development), but is *also* judged according to normative principles that determine the value of an action.⁶⁹

As Nussbaum’s account of *phronēsis* does not spell out its inherent principles, I will mix her account with another major account of *phronēsis* that has recently received new light in the field of Natural Law especially in the works of John Finnis and that does

⁶⁸ See Nussbaum (1990b). The ideas contained in that groundbreaking study were first set out in Nussbaum (1978: Appendix to Essay 4, 1986:chapter 10).

⁶⁹ Rasmussen and Den Uyl (1991:61).

spell out *phronēsis*'s inherent principles. In Finnis's Natural Law theory, acting according to *phronēsis*, which Finnis translates by "practical reasonableness", implies that, "in all one's deliberating and acting, one ought to choose those and only those possibilities the willing of which is compatible with integral human fulfilment."⁷⁰ This fundamental principle of action is thus fully teleological, since actions ought to be oriented towards integral human fulfilment. In Finnis's law theory, this entails that human actions ought to pursue basic human goods, and in the capability approach, this entails that human decisions and actions ought to be promoting a various set of central human freedoms. To this overall teleological principle, Finnis's natural law theory associates requirements or principles that further specify the teleological procedure for ethical decision-making. As Finnis's requirements of practical reasonableness were designed for ethical individual decision-making, this chapter adapts Finnis's requirements of practical reasonableness to development policy decision-making in the political community by following more closely Aristotle's initial account as examined by Nussbaum.

Central to *phronēsis* is the faculty to take decisions in the realm of contingent and particular realities. It is only within the particular features of the context in which action is to be taken that decisions can be made. This context-sensitivity seems to be an absent condition in the deliberative democracy literature that focuses on a set of universal ideal conditions, without paying much attention to how these conditions can ever be relevant in particular situations, with their histories, conflicts, inequalities, in other words with all the messy character that makes up our human world. Given that decisions are always to be taken within the messy situations in which one finds oneself, and not from a set of abstract universal conditions, acting according to *phronēsis* entails that the first step to decision-making does not consist of meeting the requirements of equality, freedom, etc., but consists of perceiving what is at stake in a particular circumstance, and perceiving whether an action is required. If so, one must then decide what sort of particular action

⁷⁰ Finnis et al. (1987b:128), Finnis (1992:137, 1997:225).

will be the most suitable given the particular contextual and historical situation in which that action is to be taken.⁷¹

In Aristotelian ethics, being practically rational is not a matter of being under the control of a science characterised by general laws, or by abstract universal principles as in deliberative democracy theory, but is a matter of acting in response to the particular circumstances of each situation. Reasoning has to adapt itself to the uniqueness and specificity of particular cases, because general principles, given their inflexibility, do not allow an understanding of all the complexity and singularity of concrete situations. This is why, within the framework of *phronēsis*, it is not possible to establish unchanging laws or abstract principles in decision-making regarding human matters, given that the subject of human matters is contingent.⁷² That general laws will always fail in the domain of the contingent does not entail that principles cannot exist, but it entails that principles have to be flexible and espouse the shapes of the context, that is, each principle will have to espouse the socio-historical reality in which that principle or abstract ideal condition is being applied.⁷³

Although *phronēsis* is a practical rationality that responds to contextual features, it includes more than context-sensitivity, since it is a particular form of practical rationality that is guided by some knowledge of what is good within the particular situation. And in order to know what is good within a situation, one needs to know what is good beyond what is specific to a particular situation.⁷⁴ *Phronēsis* is thus not knowledge of universals, since it guides actions in particular circumstances. However, it requires knowledge of universals in order to recognise what is at stake in a particular

⁷¹ NE 1109^b20-23, 1126^b2-5.

⁷² NE 1104^a1-10, 1107^a29-33, 1137^b13ff.

⁷³ NE 1137^b29-32. Aristotle emphasizes that, in the contingencies of human matters or in the ethical domain, the only possible rule is the “rule of Lesbos”, an instrument used in architecture in Lesbos that contained curves that could only be measured through a rule that adapted exactly to the walls. *Ethique à Nicomaque*, trans. J. Tricot, p.108, footnote 1.

⁷⁴ NE 1141^b14-20.

circumstance, and in order to guide action within that circumstance. For example, a doctor needs theoretical knowledge of what health is, as without that prior theoretical knowledge he would be like an archer who does not know which target to aim at. A doctor who knows the theoretical understanding of how the human body functions, but fails to recognise what is good or what brings health to the particular body of the individual patient would not be a good doctor.⁷⁵ Therefore *phronēsis*, while totally dependent on the socio-historical context in which action takes place, has to include such a pre-conception of the human good. Translated into the capability approach to development, *phronēsis* implies that some theoretical understanding of the human good is needed, namely some understanding of what human well-being consists of, but that theoretical understanding needs to espouse the socio-historical context in which a judgement is made and action undertaken towards the good of the political community.

It seems then that the first *normative* requirement of the practical rationality underlying the exercise of political freedom is not a matter of meeting the requirement of freedom or equality, but is a matter of judging the various components of human well-being in which human beings are functioning the worst in the particular socio-historical reality in which the judgement is being made. Making decisions according to the perception of which people are falling short of a good human life and how they are falling short, can be called, the *requirement of priority*: when promoting well-being, one should give priority to promoting the well-being of those who are worse off.⁷⁶ In order to assess whether the exercise of political freedom has respected that first principle, one could

⁷⁵ *Met.* 981^a15-20, *NE* 1094^a22-26, 1104^a1-10, 1142^a25-29. See Gatens (1986), Pellegrino and Thomasma (1981, 1993) for an application of *phronēsis* in the domain of medical ethics.

⁷⁶ See Parfit (1991, 1997) for a discussion about the principle of priority vs. the principle of equality in making policy choices. One could say that this requirement recalls Rawls's maximin principle. Yet, that requirement is different from the well-known Rawlsian principle for two reasons: first, weighted beneficence is oriented towards a certain conception of well-being (the aim of distributive justice is to increase people's well-being), while the maximin principle is not; second, weighted beneficence does not apply only to the 'basic structure' of society as does maximin but applies as well to institutions outside that basic structure. See especially Murphy (1998) for a discussion about the need to apply distributive justice outside Rawls's basic structure.

obviously rely on human well-being outcomes and how a particular political community has fallen short of a certain set of goals, such as the international development goals. But as our concern is to find a procedural assessment of policy decision-making that precisely guarantees that certain outcomes are met, the requirement of priority might for example be assessed through the distribution of public spending such as the percentage of public expenditures (in terms of GDP) allocated to primary health and education, or the proportion of public services allocated to rural and urban areas.

Inasmuch as any decision-making body is composed of human beings, the Aristotelian conception of practical rationality stresses that the perception of the context cannot be set in mechanical way, as a machine would respond to some data according to some pre-programmed algorithm. Inasmuch as the members of the decision-making body are “flesh-and-blood deliberators whose judgment is the last word in reasoning”,⁷⁷ this reasoning contains cognitive as well as emotional elements because the reasoning through which they make decisions is human reasoning.⁷⁸ Therefore, emotions naturally come to play an important role in reasoning, and especially in the perception of the context. Emotions, such as the “feelings that are revealed in the self by the other’s suffering”,⁷⁹ the feelings that a person experiences given the lack of central human freedoms in someone else’s life (discussed in the previous chapter as “compassion”), may play a crucial element in perceiving the salient features in particular situations.⁸⁰

Obviously, the danger of perception is that it fails to be impartial and to treat each person as equal, by giving more importance to the people who are functioning the worst in the dimensions of human well-being, and by giving more importance to those whose sufferings have perhaps given rise to the strongest emotions. Also, emotions might not

⁷⁷ Richardson (1994:178-9).

⁷⁸ *NE* 1139^b3-5.

⁷⁹ Ricoeur (1992:191-2).

⁸⁰ For the role of emotions in perceiving and discerning the important features of situations, see *NE* 1106^b21-25, Nussbaum (1986:chap 10, 1990b), Sherman (1989, 1997), Richardson (1994:185-8, 2002:190-2).

always lead to good decisions. For example, decisions can be made on the basis of the emotional sentiments that a charismatic leader generates around his or her person. Therefore, as any policy decision will necessarily involve emotions, because such a decision is made by *human* beings, the decision-making process will need to be constrained by an additional requirement that rules out arbitrary decisions in the allocation of resources. Such a requirement could serve as an assessing element to judge the degree of arbitrariness behind people's choices regarding matters that affect their lives in the political community. This requirement could be called the *requirement of non-arbitrariness*: when deciding about a policy priority (what dimension to pursue, and which groups of people to favour), reasons should be given to justify one's choice.⁸¹ For example, if a hurricane hits a particular region of the Dominican Republic, destroying many houses, and leaving the area prone to contagious diseases, and if the government starts to make an emergency appeal, based on powerful images, to orient more resources towards these areas, leaving aside other areas plagued with similar problems of poor housing and hygiene conditions (such as the border with Haiti), that decision would not be justified by reasons, would be arbitrary and discriminatory in relation to other groups living in similar bad conditions. Indicators assessing to what extent the exercise of political freedom has not arbitrarily favoured some groups of people or some components of human well-being, could, for example, be the distribution of public spending on priority areas according to ethnic groups and gender, or according to geographical areas (obviously, again, the assessment could rest upon the non-arbitrary character of substantive outcomes, and the degree to which human well-being outcomes vary according to one's ethnic, gender or geographical origin). Other indicators assessing the extent of arbitrary decisions in a political community could for example be indicators relating to corruption in political and economic practices.

⁸¹ Finnis (1980:105-7) calls that requirement 'No arbitrary preferences amongst values and persons': each basic human good has to be treated as an intrinsic good (e.g. it is not because one prefers knowledge to friendship in one's own life that one should not recognise the value of friendship in someone else's life), and each human subjects have to be treated equally (no discrimination with respect to race, gender or age).

3.2. *Deliberation about ends and means*

Perception is not done for its own sake, or for the sake of the best specification of ends, or the best specification of the components of human well-being towards which certain actions will be oriented, but for the sake of action. Given what has been perceived, the next step of *phronēsis* is to choose the means that will best pursue the specified ends. And decision-making according to the particular practical rationality of *phronēsis* requires that the discussion about ends cannot be separated from a discussion about the means to pursue them. Choices regarding means are linked to the underlying ends, and reciprocally, choices regarding ends are linked to the means that achieve these.⁸² Ends have to be specified and revised given the availability and feasibility means. If ends appear not to be feasible given the insufficiency of means, then ends need to be revised. Finding “the easiest and best”⁸³ is a matter of being open to the possibility of revising one’s chosen ends in order to find other easy and better means. Deliberation is not a simple linear process of choice between different means in view of specified ends, but a process of choice where means and ends mutually adjust themselves, where ends are revised according to the means available, and where means can themselves become ends.⁸⁴

Most deliberative democracy theorists have ignored this context-sensitivity and concern for the means to achieve deliberated ends.⁸⁵ This failure to adhere to context-sensitivity and revision of ends appears to be the source of many failed decisions. For example, when external constraints hit the Costa Rican economy at the beginning of the

⁸² NE 1112^b11ff., 1113^b3-5. For a discussion about how ends and means are deeply intertwined, see especially Richardson (1994, 2002), Wiggins (1980a).

⁸³ NE 1112^b17.

⁸⁴ Richardson (1994:86-8). See also Ricoeur (1990: 209-10) for an analysis of how the choice finalities and means involved in *phronēsis* are interwoven.

⁸⁵ See Richardson (2002) for the crucial importance of the deliberation about means *and* ends in deliberative democracy.

1980s, entailing an unprecedented economic crisis, the government first reacted very strongly against the measures of austerity to re-establish macro-economic equilibrium, arguing that eating was more important than paying the debt. Such inflexibility caused the economy to go into a deeper crisis, and cost the President his office. Costa Rica managed to exit its crisis by being able to revise its ends in the light of the new context, after being aware that it could not pursue its generous welfare policies unmodified in that changing context. Fortunately, Costa Rica has been able to find the means to pursue the ends of ensuring minimum levels of human well-being for all, despite the acute economic crisis. This requirement of being able to revise ends if they do not appear feasible,⁸⁶ and being able to choose the most adequate means given the ends that have been chosen can be referred to as the requirement of *ethical efficiency*.⁸⁷ A way through which the ethical efficiency of policy decisions could be assessed is through the ratio between the variation in inputs (such as public expenditures on primary health or secondary education) and the variation in outputs (such as infant mortality or secondary school enrolment). According to the requirement of ethical efficiency, variations in inputs leading to higher variations in outputs should be privileged.

Finally, if the choice of ends and means are deeply intertwined, then the choice of means has to respect the nature of ends that these means are pursuing. Since an important aspect of human well-being is its incommensurable and irreducible nature, the deliberation process will have to respect that nature. And this entails that the choice of

⁸⁶ Being able to give up one's intended end if the means appear unfeasible refers to the requirement of detachment in Finnis's natural law: in order to be open to all the basic human goods, one must be detached from one's own choices and commitments (avoiding fanaticism).

⁸⁷ In Finnis (1980:111-18), this requirement has been called 'Efficiency within reason': bringing about good in the world by efficient actions for their purposes (not using inefficient methods in pursuing one's purposes, trying to have the lesser damages and greater benefits in the instantiation of a basic good, e.g. choosing the medicine that will both relieve pain and heal rather than a medicine that only relieves pain).

pursuing one component of human well-being should not damage another,⁸⁸ or what can be referred to as the *requirement of non-compensation*.

One could object that there will be cases where a component could simply not be promoted without damaging another. For example, building a hotel near a beach in order to provide a source of income for local villagers will unavoidably introduce a disruption in their traditional culture and the environment will have to be partially destroyed. One could argue that “tragic” choices, where one component of well-being can simply not be pursued without a loss in another, are often unavoidable. A typical example of a tragic choice in development is that of the choice between building a hydro-electric dam in order to provide electricity to a region (which could provide better equipped health centres, increase agricultural production... and hence promote the freedoms of being nourished, being healthy, having employment, etc.) and displacing villages (and hence destroying the freedom of expressing one’s culture).⁸⁹ Nussbaum has argued, for example, that such tragic choices need not be tragic when appeal is made to human creativity, and other institutional arrangements found.⁹⁰ In the case of the dam, more efficient uses of energy, or the use of other sources of energy, could perhaps be conceived of in order to prevent the building of a dam and preserve an indigenous culture.

3.3. Beyond the capability space: a procedural space

This chapter departed from the view that human beings were not passive objects of institutional charity but were actors in their own lives, and from the conviction that the exercise of political freedom, whether through indirect democratic or direct participatory

⁸⁸ In Finnis’s Natural Law (1980:118-25), this requirement is named ‘Respect for every basic value in every act or not choosing *directly* against a basic value’: one should not choose to do any act which itself does nothing but damage or impede a realisation or participation of any one or more of the basic forms of human good (yet if the pursuit of one basic good has unintended effects against another basic value, such a pursuit is legitimate).

⁸⁹ Crocker (1995).

⁹⁰ Nussbaum (2000b) stresses the importance of creativity in designing institutional arrangements that could remove some tragic choices.

mechanisms, was the privileged way through which human agency could express itself in the political community, since “one who is never more than a cog in big wheels turned by others is denied participation in one important aspect of well-being.”⁹¹ Because the exercise of political freedom within a society characterised by inequalities of power is likely to lead to decisions favourable to the most powerful, this chapter has stressed the need to link the capability space as an evaluative space for development policies with a procedural evaluation space.

Nussbaum has argued that Sen’s capability approach to development would better meet its aim of removing the many unfreedoms that people suffer from, if one specified the valuable capabilities that policies ought to promote, and her approach proposed such human capabilities.⁹² This chapter has gone beyond Nussbaum by affirming that development policies would better meet their aim if some content is given to the exercise of political freedom. If the freedom-approach to development is to keep the exercise of political freedom central to its approach, one needs to evaluate whether the exercise of political freedom has been valuable or not, *not only* according to the outcomes it should normatively produce, *but also* according to the processes it should normatively respect. These principles developed in the previous section are as follows:

1. **Requirement of priority:** when promoting well-being, one should give priority to promoting the well-being of those who are worse off;
2. **Requirement of non-arbitrariness:** when deciding about a policy priority (what component of human well-being to pursue, and which groups of people to favour), reasons should be given to justify one’s choice;
3. **Requirement of ethical efficiency:** choosing the most effective means to improve human well-being;
4. **Requirement of non-compensation:** one component of human well-being should not be promoted at the expense of another.

⁹¹ Finnis (1980:147).

⁹² Chapter 2 had actually argued that, if the capability approach to development was to be a practical guide for action, central human functionings, and not central human capabilities, were to be the focus.

Similarly to Nussbaum's list of central human capabilities, which had prescriptive character by proposing an evaluative guide for policy outcomes, these requirements have a prescriptive character by proposing an evaluative guide of policy procedures. And just as Nussbaum's "thick vague theory of the good", which provided a "thick vague" idea of what policies should aim at because it only drew a vague outline of general human ends that ought to be specified further according to the local context, so is the "thick vague theory of political freedom" suggested here. In no way can the four requirements derived from *phronêsis* be seen as an absolute and exhaustive set of requirements that the procedure of policy decision-making in each political community should follow. Each political community is left the space to further specify the requirements. And similarly to Nussbaum's list of central human capabilities which needed further specification, so do the central requirements of the exercise of political freedom. In contrast to the international development goals that could be used as a normative working guide to assess Nussbaum's thick vague theory of the good, no such international development agreement exists on the procedural assessment of policy decisions. This chapter has suggested some indicators that could be used to assess the procedure according to which policy decisions are being made.

Linking the exercise of political freedom with certain principles of decision-making can be considered as a way of introducing a dimension of *structural responsibility* within the exercise of political freedom, so that the tension between the exercise of political freedom and the exercise of other freedoms might be loosened. The ability to decide about matters that affect one's own life is only one component, among many others, of human well-being. Such a procedural assessment stresses the fact that the failure of policies to generate good well-being outcomes essentially lies in the quality of the process through which decisions are made. Introducing a procedural, and not only consequential, assessment of development policies, enables one to monitor to what extent political communities are *structured* in a way that the exercise of political freedom

successfully promotes human freedoms. In that sense, such a procedure could be seen as a collective capability that Sen speaks about, that would endow political communities with the necessary structures of living together to promote human freedoms.

One could not conclude this chapter without dealing with a major concern, namely that letting policy decisions be guided by a certain procedure of decision-making is inconsistent with the demands of human freedom, and inconsistent with the spirit of democracy itself. Indeed, by assessing the quality of how people decide about matters that affect their own lives in the political community through evaluating to what extent their decisions have respected certain requirements, one deeply infringes on their political freedom. People are somehow not allowed to exercise their political freedom in the way they would wish so. Three reasons can be advanced as to why this concern need not be a concern. A first reason that has repeatedly been made in this dissertation is that political freedom is only one aspect of human well-being, one among others. And if the exercise of political freedom of some leads to a situation in which others are denied other aspects of human well-being such as basic health care or a decent education, then the exercise of their freedom is rightly curtailed by requiring that people make decisions according to a certain procedure of decision-making. A second reason lies in the fact that the decision-making body, which is “reflectively sovereign”⁹³ in its decision, retains the final rational say. Although following some requirements helps the decision-making body to take “better” policies, there is no clear-cut solution as to what is the “best” option, or as to what is the “best” outcome of the deliberation procedure. The requirements of *phronēsis* are not an algorithm for action, since they involve a complex dialogue with the context in which they are to be applied, a dialogue which resists any formal codification. Given that “there is obviously no simple formula for determining which means is easiest and best,”⁹⁴ all that can be said is that a decision that respects all the requirements is morally ‘better’

⁹³ Richardson (1994:178-9).

⁹⁴ Richardson (2000b:979).

than a decision that violates one or many requirements.⁹⁵ As David Wiggins summarizes it: “No theory, if it is to recapitulate or reconstruct practical reasoning [...] can treat the concerns an agent brings to any situation as forming a closed, complete, consistent system. For it is of the essence of these concerns to make competing, inconsistent claims (this is a mark not of our irrationality but of *rationality* in the face of the plurality of ends and the plurality of human goods).”⁹⁶ And finally, a third reason of why linking the exercise of political freedom to a moral procedure does not go against human freedom is that the procedure is left “thick vague”, to paraphrase Martha Nussbaum, and leaves room for each political community to specify further the procedural requirements that their decisions will follow. For example, a political community could add a requirement of subsidiarity as a necessary requirement of the exercise of political freedom. The requirement of subsidiarity would involve that “larger associations should not assume functions which can be performed efficiently by smaller associations.”⁹⁷ Such a requirement could for example be assessed by an indicator measuring the degree of decentralization in the provision of the various components of human well-being.

⁹⁵ “Because morality is nothing other than integral, unfettered reasonableness, an option which violates one or more of the above principles and so is morally wrong can always be described as ‘worse’ compared to options which are not morally wrong.” [Finnis (1997:229)].

⁹⁶ Wiggins (1998:231).

⁹⁷ Finnis (1980: 147). See also Alkire (2002b:160).

PART II

V. Introduction to the case studies

“Every state is a community of some kind, and every community is established with a view of some good; [...]. But, if all communities aim at some good, the state or political community, which is the highest of all, and which embraces all the rest, aims at good in a greater degree than any other, and at the highest good. [...] As in other departments of science, so in politics, the compound should always be resolved into the simple elements or least parts of the whole. We must therefore look at the elements of which the state is composed, in order that we may see in what the different kinds of rule differ from one another.”

Aristotle, Politics, 1252^a1-23

“The “true” histories of the past uncover the buried potentialities of the present. Croce said that there is only a history of the present. That is true, provided we add: there is only a history of the potentialities of the present. History, in this sense, explores the field of the ‘imaginative’ variations, which surround the present and the real that we take for granted in everyday life.”

Paul Ricoeur, Hermeneutics and the Human Sciences, p. 295

Sen’s freedom-centred theory of development is a theory of development that is concerned with “the expansion of substantive human freedoms,”¹ that holds “individual agency [as] ultimately central to addressing these deprivations [in substantive human freedoms],”² and that “cannot be dissociated from participation.”³ The theoretical part of this dissertation has argued that, if the capability approach is to be a guiding theory for development policy, and if it is to provide theoretical insights for orienting policies towards the removal of unfreedoms, it would need to be thickened with a certain vision of the good life, with certain moral principles that assess to what extent political freedom has been conducive to the removal of unfreedoms, and with an analysis of the structure of a country’s socio-historical agency. The empirical part will illustrate this, and more specifically, it will illustrate that, without an explicit acknowledgment of the central role

¹ Drèze and Sen (2002:3).

² Sen (1999b:xi).

³ Sen (1999b:249).

of socio-historical agency in promoting human well-being, without thickening the capability approach with socio-historical narratives that render account of that agency, the capability approach, as a theory of development, would shed very weak light on understanding the processes through which some countries have more successfully than others removed the unfreedoms that many people suffer from.

This introductory chapter to the empirical part sets out the context for analysing development theory and practice in an interacting mode, and for the choice of the two case studies. It begins by discussing the various influences that development theories exercise upon development practices, especially through proposing a normative assessment framework for development policies, as is provided by Sen's development theory. It then discusses the relevance of the paired comparison between Costa Rica and the Dominican Republic to illustrate the theoretical arguments of this dissertation. On the basis of the normative assessment framework that has been developed in the theoretical part – namely that development policies ought to be assessed not only in terms of their consequences for a certain set of central human freedoms but also in terms of the quality of the procedures through which these policies are undertaken, the chapter assesses each country according to their attainment of a certain set of human freedoms (understood as central human functionings) and their respect for certain normative principles of decision-making. It argues that the successes and failures of these two countries in promoting certain human freedoms and following certain principles of decision-making are to be found in their respective structures of socio-historical agency, which will be understood through socio-historical narratives. The chapter concludes by discussing the methodology by which these narratives will be presented in the following two chapters.

1. From Sen's development theory to practice

So far, this dissertation has examined whether Sen's freedom-centred theory of development is an adequate theoretical framework for guiding development practice, but

no discussion has yet been made of the relevance of such an examination. The reader might have already wondered about the relevance of such an examination since there can be serious doubts whether a development theory can ever guide the practice of development, whether policy decision-makers ever consult policy guidelines that are available in development theory before making their decisions, and whether they take Sen's *Development as Freedom* as their key reference book. Serious concerns might also arise regarding the relevance of assessing policies that have been taken in the past according to a normative theoretical framework developed decades later. For example, the policy-makers that influenced Costa Rica's human development at the 19th century did not have Sen's capability approach to tell them how to make decisions. Neither did they have a "development theory" readily available in academic think-tanks from which they could derive policy ideas. What then is the use, one might wonder, of examining the adequacy of a development theory in guiding development practice?

Three replies can be made to these concerns. First, past experience suggests that development practice is not disconnected from development theory, and a body of evidence does indeed exist regarding the influence of the underlying ideas in development theories upon actual policy decisions.⁴ Insofar as ideas contained in development theories influence the ideological context in which policy decision-makers are socialised,⁵ and insofar as it is only from the social context in which policy-makers live that they can draw meanings and values for their actions, ideas that underpin a powerful development theory do influence policy decisions by acting upon the prevalent

⁴ See for example Stewart (2002) who discusses how underlying ideas in development theories regarding the role of the state have influenced development actions. Her study essentially focuses on how these underlying ideas have impacted on group behaviour and cooperation. For a study on how the ideas in development theory that were generated within various bodies of the United Nations have influenced the actions of the UN and of national policy-makers, see Emmerij et al. (2001, 2003).

⁵ See for example the interesting study made by Frank et al. (1993) on how the study of neo-classical economic theory influences the decisions of economic students in matters of charity donations.

values in which policy decisions are made.⁶ Therefore, since decisions are made according to the underlying values in a society and since development theories influence these values, the way Sen's capability approach is theoretically framed is not a theoretical academic matter, but a matter of direct practical implication.

Second, by providing normative guidelines for assessing actions, a development theory implicitly provides incentives for actions to be oriented in a certain way. Although Sen has strongly stressed that his capability approach only specified an alternative evaluation space and that it by no means had the ambition of being a complete theory of development, even less a theory of justice giving specific benchmarks regarding what actions to take, the internal dynamics of the capability approach brings Sen's capability approach close to fulfilling those unwanted ambitions. By shifting the analytical framework through which actions are to be assessed, from the utility-income space to the capability-functioning space, and hence by implicitly affirming that actions resulting in capability expansion are normatively better than those which do not, Sen's development theory implicitly gives incentives for actions to follow certain benchmarks. Moreover, Sen's capability approach does not actually limit itself, as it claims, to assessing development in the capability space. By stressing individual agency and political freedom as central elements of development, it conceives development in a certain light, with certain normative values, which have policy implications through influencing the world of values in which decisions are made.

And third, analysing past development policy decisions through theoretical tools developed later need not be anachronistic in all respects. The task of this empirical part is not to discuss, through the two case studies, how decisions should have been made

⁶ There are however some conditions needed for a development theory to be able to influence practice. First, it must be well theoretically developed. And second, it must rest upon values that are in tune with the prevailing values and interests of the day. For example, although Sen's capability approach can be seen as a variant of the basic needs approach to development (see Stewart (1995b), Alkire (2002b)), it could impose itself as an influential development theory and practice because it was theoretically well developed, and because its central emphasis on individual human freedom was in tune with the prevailing values of contemporary society.

according to contemporary normative standards, but to illustrate that, if development practice today should be about the expansion of human freedoms, then the practice through which such outcomes will result cannot be merely assessed in terms of their consequences upon human freedoms, but will also have to be assessed according to the structure of their socio-historical agency and its consequent impact on the procedures through which development policies are undertaken. The socio-historical analysis of policy-making in Costa Rica and the Dominican Republic is not about showing how development should have occurred given our contemporary understanding of what development ought to be, but is about illustrating that Sen's capability approach will better fulfil its self-assigned task of orienting development towards the removal of unfreedoms if sufficient attention is paid to certain structures of living together, and their appropriation throughout a country's history, leading to a dialectic movement (each appropriation giving rise to another set of structures of living together) which endows a country with an adequate structure of socio-historical agency to promote human freedoms.

2. Assessing development in Costa Rica and the Dominican Republic

Costa Rica and the Dominican Republic are two small and middle-income countries⁷ that have followed different development paths and consequently offer special insights to illustrate the reasons for which one country followed a certain development path rather than another. Costa Rica is well-known in the development literature as a prototypical example of a developing country that has succeeded in providing its population with high levels of human well-being, reaching similar levels to those in industrialised countries.⁸ In contrast, the Dominican Republic stands out as being the country which exhibits one of the lowest social spending ratios in the Latin American and

⁷ Costa Rica is 51.1 thousand sq. km and had a population of 3.9 million in 2001, while the Dominican Republic is 48.7 thousand sq. km and a population of 8.5 million in 2001.

⁸ See Drèze and Sen (1995), Ghai (2000), Jolly and Mehrotra (1997), Stewart (1995a), Stewart et al. (2000).

Caribbean (LAC) region, and levels of human well-being well below the LAC average, as will be illustrated below. Yet, both countries have had democratic regimes since 1960. For example, women received the right to vote in Costa Rica in 1949, and in 1942 in the Dominican Republic. The voter turnout at the latest elections was 70% in Costa Rica and 66% in the Dominican Republic. In terms of civil liberties and political rights, both Costa Rica and the Dominican Republic received rather similar ratings by Freedom House in 2000. They both rate 2 in civil liberties such as freedom of expression and belief, freedom of association and organizational rights, rule of law and human rights (on a scale from 1 to 7, with 7 being no rights at all). Costa Rica rates 1 in political rights (free and fair elections for offices with real power, freedom of political organization), while the Dominican Republic rates 2.⁹

Until the 1960s both countries had small economies dependent on the export of a few commodities for growth, sugar in the Dominican Republic, and coffee and banana in Costa Rica. Both countries began to industrialise in the 1960s by applying an import/substitution industrialisation model until the early 1980s, and both switched back to an export-oriented development model during the 1980s, by developing tourism and new export sectors.¹⁰ Both countries have had similar trends of economic growth during the 1960-1980 period, although in per capita terms, the Dominican economic growth rate was higher than that of Costa Rica. Both experienced almost a zero growth rate during the economic crisis of the 1980s, and recovered in the 1990s, with the Dominican Republic experiencing higher economic growth rates (table 5.2).

The Oxford Latin American History Database, a database which comprises economic and social data of Latin American countries and which presents them on a consistent inter-country and inter-temporal basis, reveals the same ratios and trends between the two countries. By calculating the GDP of Costa Rica and the Dominican Republic through deflating GDP in local currency units at constant 1970 prices – a

⁹ UNDP (2002:37-9).

¹⁰ Itzigsohn (2000:30-32).

procedure which gives greater weight to inter-country comparability over time than to consistency in levels or changes over time in any one country, the data reveals that the Dominican Republic's GDP per capita lay about on average three fifths below that of Costa Rica, with the gap however closing down at the end of the 1990s (table 5.3).

Table 5.1: GNP per capita (constant 1995 US\$)

	Costa Rica	Dom.Rep.
1960	1,555	671
1970	1,870	864
1980	2,354	1,277
1990	2,307	1,301
2000	3,810	2,130

Source: World Development Indicators

Table 5.2: Economic growth rates (annual average)

	GNP growth rate		GNP per capita growth rate	
	Costa Rica	Dom.Rep.	Costa Rica	Dom.Rep.
1961-71	6.0	6.2	2.1	3.5
1971-81	5.2	6.7	1.50	3.7
1981-91	2.7	2.5	0	0.2
1991-2000	4.2	6.0	2.2	4.0

Source: World Development Indicators

Table 5.3: GDP per capita (million constant 1970 PPP\$), calculated by deflating GDP in local currency units at constant 1970 prices

	1950	1960	1970	1980	1990	1995	2000
Costa Rica	372	474	658	887	883	917	966
DomRep	238	305	375	552	499	533	722

Source: OxLAD (2002)

Table 5.4: Structure of the economy in percentage of GDP

	Agriculture		Manufacturing		Services	
	Costa Rica	Dom.Rep.	Costa Rica	Dom.Rep.	Costa Rica	Dom.Rep.
1965	23.5	23.2	-	15.6	53.4	54.9
1971	20.2	22.2	18.8	18.4	54.3	50.8
1981	23.0	18.6	18.9	15.6	50.4	53.8
1991	17.3	13.9	19.9	18.2	56.4	55.8
2001	9.1	-	20.8	-	62.3	-

Source: World Development Indicators

Both countries also show similarities in the structure of their economy. The different sectors contributed to the economic output with almost similar shares and trends, with only slight variations (table 5.4). The contribution of the agricultural sector to the economy diminished in both countries, from 23% in 1965 to less than 10% in 2001 for Costa Rica. The manufacturing sector slightly increased its contribution in both countries.

And the contribution of the service sector has been predominant in both economies (more than half of the GDP has been generated by the service sector in both countries).

Despite these similar characteristics, both countries diverge quite strongly when it comes to translating these economic opportunities into human freedoms through democratic political processes. Indeed, an assessment of the development outcomes and processes in these two countries according to the normative framework of analysis set out in the theoretical part will give a rather contrasting picture.

As the purpose of this empirical part is to illustrate the need to thicken Sen's capability approach to development with an analysis of the structures of living together and their appropriation throughout history in order to provide more adequate theoretical insights for development analysis, this section will not consist in an exhaustive assessment of development outcomes and processes in Costa Rica and the Dominican Republic, but will only give a general vision and focus on a description of a limited set of central human freedoms (understood in terms of central human functionings) and of a limited set of normative principles of decision-making. The choice of indicators for assessing development outcomes and processes in both countries is guided on the one hand by data constraints, and on the other hand by the task of this empirical part within the overall object of this dissertation.

Considerable differences exist regarding data availability between the two case studies. For example, Costa Rica possesses a National Institute of Statistics that is in charge of collecting data on poverty on an annual basis, with consistent surveys across the years. In addition, since 1994, Costa Rica has had an institution that publishes a report, "*El Estado de la Nación*" (The State of the Nation) every year, whose task is to describe the progress of the Costa Rican society in promoting various components of human well-being such as social integration (which includes health and education indicators), economic opportunities (which includes indicators related to unemployment and the

economic conditions for social development), harmony with the environment, democracy building and political participation, and gender equity.¹¹ In contrast, no such institution devoted to monitoring the evolution of poverty in a consistent way exists in the Dominican Republic. There is a National Institute of Statistics, but some suggest that its figures have to be taken with great caution.¹² The first ever household survey in the country was carried out only in 1998 by the Dominican Central Bank, under World Bank auspices. In 2000, the local UNDP office published a Country Human Development Report that aimed to collect the various socio-economic statistics produced by government organizations and other institutions, trying to report consistent estimations from divergent sources. For example, regarding the estimation of the maternal mortality rate, one source (a demographic and health survey carried in 1996 by the Centre for Social and Demographic Studies of the Ministry of Planning) situated it at 229 for 100,000 live births, another source (the WHO) estimated it at 93 for the 1988-1992 period, and still another source (the Ministry of Public Health) situated it at 80 in 1999.¹³

Given these important data limitations for the Dominican Republic, it has been difficult to make an exact comparison between Costa Rica and the Dominican Republic. The dearth of data monitoring the progresses in human freedoms in the Dominican Republic and their lack of consistency is itself a strong datum indicating weak government concerns for ensuring the well-being of the Dominican population. This lack noticeably contrasts with the efforts made by Costa Rica to collect annually data on the progress in human freedoms. The most comparable data for the two countries are published in the Social Panorama of Latin America and the Caribbean, produced by the UN Economic Commission for Latin America and the Caribbean. For Costa Rica, these

¹¹ The report was launched in 1994 as a government independent initiative supported by the UNDP. Its mission is “to improve the access of citizens to a large, adequate and true information about matters of public interest, [given that] “a citizen with information is a citizen with democratic power, but also with more responsibilities towards his community and his country.” [Estado de la Nación (2001:39)].

¹² Personal communication from Philippe Auffret (World Bank resident country economist for the Dominican Republic).

¹³ UNDP (2000b:25).

data will be supplemented by data from the *Estado de la Nación*, while for the Dominican Republic, they will be added to by data from the 1998 Household Survey and the 2000 National Human Development Report.

The second reason for focusing on a limited set of human functionings and on the respect for a limited set of normative principles relates to the object of this dissertation and to the limited role that this empirical part plays within the overall project. The primary object of this dissertation is to examine the theoretical foundations of Sen's capability approach to development in its ability to offer adequate theoretical insights for guiding development practice. Given that object, the task of this empirical part is not to aim at providing an original empirical analysis of the social, economic and political reality of Costa Rica and the Dominican Republic, but only at illustrating the theoretical arguments. This is why the following assessment does not rely on original data but only second source data, and does not attempt to find data for each of Nussbaum's central human functionings or the DAC indicators described in the second chapter, or for each of the normative principles described in the fourth chapter.

Given the limited scope of the empirical analysis within the overall theoretical object of the dissertation, and given data availability, accuracy and comparability, this section has considered the following functionings and normative principles (and corresponding indicators)¹⁴ which will highlight the differences between both countries in promoting human freedoms: 1) being educated (illiteracy rates, primary and gross enrolment in secondary education); 3) being healthy (infant mortality rates, maternal mortality, child mortality under 5, children under 5 height for age, proteins per person/per

¹⁴ One has also to note the limits of "measuring" human well-being through indicators. See for example Nussbaum (1990b, 1991, 1995c) for a discussion on the role of literary imagination as an alternative way to statistics for assessing a country's socio-economic reality and as a way of avoiding the dangers of "numbers and dots, taking the place of women and men." [Nussbaum (1990b:101)] A vast literature in qualitative assessment of human well-being has begun to emerge, but qualitative poverty assessments are still very scarce compared to the general use of household surveys from which most human well-being indicators are derived. See Bamberger (2000), Carvalho and White (1997) and Kanbur (2001) for a discussion on the strengths and weaknesses of qualitative and quantitative approaches to human well-being assessment.

day, and access to basic services); 4) respecting nature (deforestation rate); 5) requirement of priority (proportion of public expenditures oriented towards priority areas); 6) requirement of non-discrimination (geographical, economic, racial and gender discrimination and corruption).

1. People’s ability to read and write, measured by literacy levels, is almost four times higher in Costa Rica than in the Dominican Republic. Illiteracy among young people (defined as the percentage of 15-24 years old who are unable to read and write) in the Dominican Republic was 8 % in 1998, while the LAC average was 4.3 %.¹⁵ Table 5.5 contrasts these results with these achieved by two other Latin American countries with similar income levels.¹⁶

Table 5.5: Illiteracy rates (population above 15)

	1980	1990	2000
Costa Rica	8.3	6.1	4.4
Dom.Rep.	26.2	20.5	16.2
LAC average	-	-	11.7
Venezuela	15.1	9.9	7
Mexico	17	12.3	9

Source: CEPAL (2001), UNDP (2002)

Table 5.6: Gross enrolment rates in second-level education (Total number of enrolled persons divided by population in the corresponding age groups, multiplied by 100)

	Age Groups	1980	1985	1990	1994	1995	1996	1997	1998	1999
Costa Rica	12-16	70	56	56	63	58	57	59	60	56
Dom.Rep.	13-18	42	48	-	41	-	31	33	-	-
Venezuela	13-18	47	24	24	25	24	27	28	-	-
Mexico	12-17	49	57	54	58	61	67	69	72	75

Source: CEPAL (2001)

Gross enrolment in secondary education in the Dominican Republic has been well below that of Costa Rica (table 5.6). Costa Rica’s secondary education suffered a severe deterioration during the economic crisis of the 1980s, a deterioration which was not offset in the 1990s. The population of 12-16 years old Costa Ricans enrolled in secondary education in Costa Rica was still considerably lower in 1999 than it was in 1980.

¹⁵ UNDP (2000b).
¹⁶ In 2000, GDP per capita (in PPP US \$) was 6,033 for the Dominican Republic, 5,794 for Venezuela, 8,650 for Costa Rica and 9,023 for Mexico. [UNDP (2002)]

Although secondary education in the Dominican Republic does not seem to have suffered equally from the effects of the economic crisis in the 1980s, enrolment rates have dropped during the 1990s with only a third of the population aged between 12-16 years attending secondary education.

2. Table 5.7 indicates that infant mortality rates have been on average three times higher in the Dominican Republic, with the rates in the Dominican Republic significantly above these of the Latin American average. Again, the Dominican Republic's infant mortality rates are two times these of the same income range country of Venezuela, and Costa Rica's rates are less than half that of Mexico, a country in the same income range.

Table 5.7: Infant mortality rates (per thousands live births)

	1980-85	1985-90	1990-95	2000
Costa Rica	19.2	16	13.7	10
Dom.Rep.	71.5	55	42	42
LAC average	58.3	48.6	40.8	30
Venezuela	33.6	26.9	23.2	20
Mexico	47	39.5	34	25

Source: CEPAL (2001), UNDP (2002)

In the Dominican Republic, maternal mortality is almost 8 times higher than in Costa Rica. Child mortality is more than 10 times higher. Dominican children suffer almost twice as much from stunting (height deficiency for age). And the Dominican population eats on average about two-thirds the amount of protein that the Costa Rican population eats.

Table 5.8: Various health indicators

	Maternal mortality (per 100,000 live births) 1990-98	Child mortality under 5 1996	Children under 5 underheight for age 1992-98	Proteins (grams per person/day) 1995
Costa Rica	29	1	6	74
Dom.Rep.	230	11	11	51
Venezuela	65	16	15	61
Mexico	48	75	-	82

Source: CEPAL (2001)

These poor health performances are related to the low availability of basic public services. For example, the main causes of infant mortality in the Dominican Republic are infectious diseases, parasites, and peri-natal conditions, which are typically diseases linked to poor sanitary services.¹⁷ While access to basic services is almost complete in Costa Rica, about a quarter of the Dominican population still did not have access to drinking water and sanitation facilities in 1995 (table 5.9).

Table 5.9: Access to basic services for 1995

	Population with access to drinking water			Population with access to sanitation facilities		
	Total	Urban	Rural	Total	Urban	Rural
Costa Rica	100	100	99	97	100	95
Dom. Rep.	73	88	55	77	89	68
Venezuela	79	79	79	72	74	60
Mexico	83	93	57	76	93	29

Source: CEPAL (2001)

3. Regarding environment protection, Costa Rica has adopted a policy of strict regulation of its protected areas. In 2000, more than 13,100 square km. were declared protected areas (about a quarter of the country’s total area). Although the area covered by forests decreased over the century, from 33,610 square km. in 1940 to 19,187 square km. in 1997, one can observe an increase in forested areas over the last two decades (in 1977, forested areas covered 17, 696 square km.)¹⁸ In contrast, although laws and decrees regarding the protection of natural areas have been introduced in the Dominican Republic (in the law, the protected area amounts to 13,160 square km.), there has been a clear lack of implementation given the priority given to tourism development over protection of biodiversity. Deforestation has been a major issue. It is estimated that, in 1900, forest areas covered 80% of the country’s area, while, in 1980, this percentage has been reduced to 20%. During the 1981-1990, the average annual deforestation rate was estimated at 351 square km., and that for the period 1990-1995 was estimated to 264 square km. per year.

¹⁷ UNDP (2000b).

¹⁸ Estado de la Nación (2001, 2003).

4. In terms of the proportion of public expenditures oriented towards priority areas, table 5.10 indicates that, over the last two decades, the Costa Rican government has been spending a significantly higher percentage of its GDP on education. In 1980, public spending on education was almost three times the spending in the Dominican Republic, and in 1998, it still spent more than the double. Education expenditures in the Dominican Republic are still well below the LAC average of 4.5% in 1998.¹⁹

Table 5.10: Public expenditure on education (Percentage of the gross domestic product at current prices)

	1980	1985	1990	1993	1994	1995	1996	1997	1998
Costa Rica	6.2	5.1	4.2	4.3	4.4	4.4	4.8	5.2	5.3
Dom. Rep.	2.1	1.5	1.1	1.7	1.9	1.8	2.1	2.2	2.5
Venezuela	4.1	4.7	2.5	-	-	4.4	-	-	-
Mexico	3.1	4.2	4	-	-	4.9	5.4	5.5	5.8

Source: CEPAL (2001)

Costa Rica’s public expenditures on health are also significantly higher than those of the Dominican Republic. It was more than three times the Dominican spending in the 1980s, and the ratio was even higher during the 1990s. In 1998, the Dominican Republic spent on health less than a half of what Latin American countries spent on average (LAC average was 3.1 % in 1998).²⁰

Table 5.11: Public expenditures on health (Percentage of the gross domestic product at current prices)

	1980	1985	1990	1993	1994	1995	1996	1997	1998
Costa Rica	7.2	5	7.2	6.8	7.1	7.1	9.8	7.3	7.4
Dom. Rep.	1.9	1.3	1	1.4	-	-	1.3	1.4	1.5
Venezuela	1.3	1.8	1.5	-	-	1	0.8	1.4	-
Mexico	0.4	0.3	2.9	-	-	3.6	3.4	3.7	3.9

Source: CEPAL (2001)

In addition to being low, the Dominican Republic’s public expenditures on health are unequally distributed, with tertiary care receiving more than ten times the share allocated to primary care (table 5.12). The 1998 household survey reports that 61 % of families who fell under the monetary poverty line had to take loans or sell assets to cover the costs of hospitalisation. A social security scheme has only been introduced in 2001,

¹⁹ UNDP (2000b).

²⁰ UNDP (2000b).

while Costa Rica introduced a social security scheme in the early 1940s, so that by 1980, more than three quarters of the Costa Rican population had been covered (table 5.13).

Table 5.12: Public spending on health (percentage of total) in the Dominican Republic

	1991-1995	1996	1997	1998
Primary care	3.3	3.1	2.9	2.9
Secondary care	10.1	11.7	10.4	8.5
Tertiary care	35.7	37.4	37.6	31
Rural clinics	14.4	17.2	13.4	19.2
Maternal/Infant health	0.3	0.3	0.3	0.4

Source: World Bank (2001)

Table 5.13: Social Security in Costa Rica

	1970	1980	1985	1990	1994
Percentage of GDP allocated to the Social Security	1.9	5.5	4.6	5.8	5.6
Percentage of population covered by the Social Security	47.2	75.7	81.4	85.6	86.2

Source: Mesa-Lago (2000a)

5. The differences in the priority ratios are also linked to considerable differences in relation to the non-discriminatory character of public services. While access to drinking water and sanitation facilities was almost complete in Costa Rica in both urban and rural areas, this was significantly lower for Dominicans living in rural areas than for those living in urban areas (table 5.9). The rural poor have a much lower access to basic services than their urban counterparts.²¹ For example, their possibility of accessing sanitation services is more than 6 times less than that of the urban poor (table 5.14)

Table 5.14: Access to basic services for 1998 in the Dominican Republic (in percentage)

	Total	Non-poor	Poor	Urban poor	Rural poor
Access to public water services	72	77	56	74	41
Access to sanitation	45	53	20	38	6
Garbage collection	54	60	35	67	10
Access to electricity ²²	88	90	79	100	62

Source: World Bank (2001a)

²¹ The Dominicans qualified as “poor” are the ones who earn less than US\$50 a month. On that account, people like, for example, sex workers or public motorcycle drivers in the informal sector who earn more than US\$50 a month are classified as “non-poor”. See for example Ruggieri-Laderchi (2001) for a discussion about the differences between the evaluation of poverty in terms of monetary or capability measures.

²² 77 % of electricity in the poor urban areas of Santo Domingo is estimated to be illegal [Fay et al. (2001)].

The discriminatory nature of public services is also reflected in the disparities in the ratio of public to private services. Table 5.15 shows that, while public health expenditures amount in 1998 to more than three times private health expenditures as a percentage of GDP in Costa Rica, public health expenditures hardly represented two thirds of private health expenditures in the Dominican Republic.

Table 5.15: Private and public provision of health expenditures in percentage of GDP (1998)

	Public health expenditures	Private health expenditures
Costa Rica	5.2	1.5
Dom. Rep.	1.9	3
Venezuela	2.6	1.6
Mexico	2.6	2.8

Source: UNDP (2002)

The difference between the two countries is also pronounced in their policies with respect to immigrants. Both countries experience a significant flux of immigrants, Costa Rica from Nicaragua, and the Dominican Republic from Haiti. A household survey in Costa Rica in 2000 reveals the presence of about 135,000 Nicaraguan immigrants, about 3.5 % of the total population, but it is estimated that illegal immigration, from Nicaragua and other Latin American countries, account for about 7.5% of the Costa Rican population,²³ while (Haitian) illegal immigration in the Dominican Republic is estimated to amount around 500,000, or about 6 % of the Dominican population.²⁴ The Costa Rican government had adopted quite a generous policy of inclusion. For example in 1995, it issued a seasonal working permit to allow illegal workers to enter the country for a period up to 6 months. That permit could be renewed once for the same period. After the Hurricane Mitch in 1998, the Costa Rican government further renewed the allocation and length of these working permits.²⁵ Moreover, Nicaraguan immigrants enjoy the same

²³ Estado de la Nación (2001).

²⁴ World Bank (2001a).

²⁵ World Bank (2001a).

health and education privileges than Costa Rican nationals. They are equally entitled to receive free primary education and health services.²⁶

The Dominican Republic has adopted a less inclusive policy with regard to Haitian immigrants. A study of the socio-economic conditions in bateyes²⁷ reveals the following:²⁸ illiteracy rates amount to 43.1% in the population above 6 years old, 32% do not have access to sanitation, only 8 % of the population in bateyes has access to water, 41% do not have any property entitlement, and 31% do not even have a birth certificate, which ensures the legal recognition of the person (and hence the legal access to health and education services). These statistics reflect the conditions of 160,000 inhabitants of the bateyes of the state sugar company, but these are most likely to show an even worse parallel with the conditions of the nearly 600,000 Haitian illegal immigrants in the country.

Gender-disaggregated statistics of illiteracy rates and school attendance do not show significant differences between the two countries in terms of gender discrimination. Illiteracy rates among women are only very slightly higher than among men in both countries (table 5.16). However, urban unemployment rates show a considerable higher discrimination against women in the Dominican Republic than in Costa Rica. Table 5.17 shows that unemployment rates among Dominican women are more than twice higher than among Dominican men in 1999, while it is only 40% higher in Costa Rica.²⁹

²⁶ A Costa Rican working for hospitals of the Costa Rican Social Security reported that many Nicaraguan poor women came to Costa Rica to deliver their babies since they could benefit from free medical treatment and better hygienic conditions than in Nicaragua.

²⁷ Bateyes are communities situated in or near a plantation of sugar cane. They are essentially made up of plantation workers and their families, a population with a large Haitian proportion.

²⁸ Tejada (2001).

²⁹ The UNDP's gender empowerment measure, which assesses gender equity in agency in economic and public life, has not been considered here, as it heavily focuses on representation at the national political level and in the formal economy and does not render account of the reality of poor women. See for example Bardhan and Klasen (1999) for a critique of the UNDP's gender indices.

Table 5.16. Illiteracy rates by gender (Percentage of the population aged 15 years and over)

	Both sexes			Men			Women		
	1980	1990	2000	1980	1990	2000	1980	1990	2000
Costa Rica	8.3	6.1	4.4	8.1	6.1	4.5	8.4	6.1	4.3
Dom.Rep.	26.2	20.5	16.2	25.2	20	16	27.3	21	16.3

Source: CEPAL (2002)

Table 5.17. Urban open unemployment rates, by gender and years of schooling for 1999 (average annual rate)

		Years of instruction				
		Total	0-5	6-9	10-12	13 +
Costa Rica	Total	6.1	9.2	7.9	4.6	2.8
	Men	5.3	6.9	7.1	3.6	2.1
	Women	7.4	13.3	9.3	5.9	3.7
Dom.Rep.	Total	17.0	15.3	18.9	18.1	15.1
	Men	10.9	10.4	11.2	11.5	10
	Women	26.1	24.8	32.7	26.2	19.5

Source: CEPAL (2002)

Another signal of the discriminatory character of public spending is the corruption level inherent in a country’s economic and political practices. There too, indices for press freedom, corruption, rule of law and political stability fares better in Costa Rica than in the Dominican Republic.

Table 5.18 Various political indicators

	Press freedom ^a 2000	Corruption index ^b 2001	Rule of law ^c 2000-01	Political stability and lack of violence ^d 2000-01
Costa Rica	16	4.5	0.61	1.08
Dom. Rep.	30	3.1	0.01	0.46
Venezuela	34	2.8	-0.81	-0.33
Mexico	46	3.7	-0.41	0.06

Source: UNDP (2002)

^a Media objectivity, freedom of expression (0-100, higher worse).

^b Official corruption perceived by business people, academics, risk analysts (0-10, higher better).

^c Black markets, enforceability of private and government contract, corruption in banking (-2.5 to 2.5, higher better).

^d Perceptions of the likelihood of destabilization (-2.5 to 2.5, higher better). Data for 2000-01.

3. Socio-historical narratives: a hermeneutical approach to development

Although consequentialist and procedural indicators of development, such as infant mortality rates, illiteracy rates or priority ratios are very important for appreciating a country’s capacity to remove human unfreedoms, these indicators are silent regarding the socio-historical processes that have given rise to such attainments. For that, socio-

historical narratives appear to offer an important source of information for analysing the socio-historical processes that made certain policy decisions possible.

Socio-historical narratives describe a country's reality (such as the class structure, the characteristic of the elite or the land distribution), and indicate how policy-makers have appropriated that reality at particular key moments in a country's history, opening up or closing down opportunities for promoting human freedoms. The successive appropriations, and their consequences for a country's structures of living together, constitute the structure according to which a country will have the collective capability to promote freedoms, what will be referred to as the structure of a country's socio-historical agency. It is these socio-historical narratives that provide the background against which Sen's exercise of political freedom takes place, and from which policy decisions emerge. For example, the socio-historical narrative of Costa Rica highlights the building of a strong social democratic identity within which the contemporary exercise of political freedom takes place, while the socio-historical narrative of the Dominican Republic highlights the building of clientelistic political practices within which political participation occurs. The use of socio-historical narratives is a methodology which draws attention to processes of social construction that have not yet been well integrated into Sen's consequentialist evaluation of development, or into its procedural supplementation.

Socio-historical narratives are essential in assessing development because "there is this continuous process of 'recording' human action which is history itself as the sum of 'marks', the fate of which escapes the control of individual actors."³⁰ As past actions leave a mark or "social imprint"³¹ on current actions, one cannot comprehend current actions without looking at the past actions that have left their marks or social imprints upon such actions. For example, the small ethnically homogenous and egalitarian community of farmers in Costa Rica and the battles between Spain and France in 18th century Europe in the Dominican Republic constituted different sets of initial conditions

³⁰ Ricoeur (1981:207).

³¹ Ricoeur (1981:206).

upon which the subsequent economic and social development of both countries progressively built, in divergent ways, over decades.

The methodology for narrating the structure of socio-historical agency in each country follows the hermeneutical approach. Hermeneutics has been a major philosophical current in continental political philosophy in the post-war era, with Hans-Georg Gadamer and Paul Ricoeur as its main protagonists. Its fundamental task consists in “throwing light on the fundamental condition that underlie the phenomenon of understanding, and that constitute understanding as an event over which the interpreting subject does not ultimately preside”.³² Understanding an object along hermeneutical lines means that there is no pure interpretation in the mode of the transcendental Kantian subject, that understanding is an *interpretation* that takes place in the historicity of being-in-the-world (*Dasein*) or of belonging to it.

The philosophical current of hermeneutics essentially focuses on the analysis and understanding of texts in order to “discern the ‘matter’ of the text”.³³ Interpretations of texts are needed because the meaning of texts is detached from their site-in-life (*Sitz-im-Leben*), they are detached from the author’s intention, from the initial situation of the discourse and from the original addressee. And precisely because a text is detached from its site-in-life, it is open to interpretation (*Auslegung*).³⁴ But not only do texts need to be interpreted, human actions do as well, since “in the same way that a text is detached from its author, an action is detached from its agent and develops consequences of its own.”³⁵

Although development policies are not texts as such, they are objects that can similarly be interpreted according to the hermeneutical approach. Like texts, the actions that governments take towards the expansion of human freedoms are situated in a *Sitz-im-*

³² Gadamer (1976:xi).

³³ Ricoeur (1981:111).

³⁴ Ricoeur (1981:108).

³⁵ Ricoeur (1981:206).

Leben. Governments implement certain actions because of the situation they are into, because of the intentions they have in mind and the public they want to target. Like the understanding of texts, the understanding of actions needs to be detached, to be “taken out” (*gelegen aus*) of their initial contexts and be interpreted, as present actions bear the meaning of previous actions, even though that meaning might not appear clear anymore. For example, in the Dominican Republic, clientelistic actions had their meaning under the dictatorship because, in that particular *Sitz-im-Leben*, clientelism was the only way open for social actions to take place. But once the dictatorship was over, clientelism kept bearing its mark on subsequent actions, although the original meaning had been lost.

Interpretation development along hermeneutical lines can be summarized in these three different steps: 1) Reading a country’s development text in its *Sitz-im-Leben* through phenomenological perception (i.e., an object is perceived through a subject’s conscience, which alone can constitute an object’s objectivity)³⁶; 2) Uncovering the government’s actions that reveals that text; and 3) Uncovering the meaning and contexts of these actions by looking at the meanings and contexts of past actions that have left their social imprint on current actions, for a reality can only be known through its internal history.³⁷

Fieldwork in both countries has been conducted according to these hermeneutical lines. First, fieldwork was conducted in the Dominican Republic from February to April 2002. I first tried to read the country’s development text and perceive the country’s reality by looking at a World Bank programme, the Comprehensive Development Framework, which had been pioneered in the Dominican Republic, and which precisely aimed at

³⁶ Gadamer (1976:xlvi) speaks of the “*ontological* condition of always already having a finite temporal situation as the horizon within which the beings he [the interpreter] understands have their initial meaning for him.”

³⁷ See also Nussbaum and Sen (1989) for an analysis of a society’s values through an internal assessment of these values. However, their study contains a limited framework for the interpretation of actions as its object was to criticize Indian traditional values through Indian rationalist traditions rather than to *interpret* these values according to India’s internal history.

strengthening and orienting a country's political freedom towards the promotion of human freedoms. I interviewed the Dominicans who participated in that initiative in order to examine to what extent that programme had been a successful example of participatory policy-making. The interviews revealed that the programme had not borne its expected fruits, and that, instead, two other programmes were more important, the social security reforms and two social reforms (the "social package" and the social cabinet). Interviews were then carried out with Dominican social scientists and politicians in order to understand the nature of these programmes, and in order to understand, from the perspective of the Dominican population, why the Dominican Republic exhibited one of the lowest social spending ratios in the Latin American continent, and why the economic growth in the 1990s had not translated into increased social opportunities for the poor. In parallel, I also uncovered the text of these government actions through reviewing existing social, economic and political studies to provide factual evidence on what the interviews had revealed. Finally, by looking at historical sources, I have tried to uncover the meaning and context of this reality by looking at the past actions that have left their social imprint upon it.

The same method of analysis was followed in Costa Rica where fieldwork was conducted from June to August 2002. I began to read the country's development text through a phenomenological perception of the country's reality that I aimed to uncover through interviews. The main focus of the interviews among Costa Rican social scientists was to uncover the reasons for the so-called Costa Rican exception in human development and the role of the Costa Rican democracy in explaining that exception. These interviews revealed two main points: 1) Costa Rica's contemporary success was mainly due to two key decisions — the introduction of universal primary education in the 1880s and the introduction of progressive social reforms in the 1940s — and to the personality of two exceptional leaders; 2) the economic crisis of the 1980s had left a severe mark on Costa Rica's status of being a human development exception. I further confirmed these points by looking at studies about the political, economic and social

history of Costa Rica in order to provide factual evidence and bibliographical sources on what the interviews had revealed. I also tried to explore the change in the Costa Rican model of development that the interviews had highlighted by looking at three recent government actions: an effort at national consultation, an attempt at privatising a state-owned company and attempts at solving the fiscal crisis.

Although my fieldwork has followed the above structure, for the sake of analytical exposition, the next chapters will narrate Costa Rica and the Dominican Republic's collective capability in promoting human freedoms in the following order. Each begins by a brief description of particular events that allowed me to reach an understanding of each country's *Sitz-im-Leben* and read its development text beyond statistical data – the description of these events are of course not neutral but are seen through the lenses of a subject whose conscience bore the prejudice of the belief that each human being should enjoy similar levels of central human functionings. Each chapter then narrates the structure of each country's socio-historical agency, stressing particularly how each country's reality has been appropriated throughout its history, opening up or closing down opportunities for promoting human freedoms. The focus of the analysis will not be an attempt to provide a detailed account of the economic, social, and political history of Costa Rica and the Dominican Republic, but to illustrate the arguments for bringing into the capability approach to development more explicit collective and historical dimensions.

VI. Costa Rica: The emergence and fragility of social democracy

“One can tell us that the mission of the leaders is to lead, and in that purpose we have been elected; but in a democracy, leadership has to be similar to the leadership of an orchestra, and not that of a regimen.”

José Figueres, Cartas a un Ciudadano, p. 15

I had just arrived in Costa Rica when my host family invited me to visit their 75-year old aunt in a small farm in the rural area surrounding San José. The house was a small three-room house, with simple furniture, a small and dirty kitchen at the back with a wooden stove, and chickens running around the house. The old aunt had a brain tumour and was undergoing surgery the next day, for free, in one of the public hospitals of the capital city. The whole family was gathered around her to offer support before the surgery, but she died a couple of weeks later in hospital.

This was my first contact with what I had known beforehand in academic books as the “Costa Rican human development exception”. But this was far from my only contact. A few weeks later, I had the privilege to accompany a group of lawyers from the Costa Rican Court of Justice who were working on a popular education project about the Costa Rican constitution in a small village in the Bri-Bri indigenous reserve in the South of Costa Rica, near the Panamanian border. One evening, some indigenous people met with us in the well-lighted education centre of the village in order to tell us some stories of their lives. With the musical background of animal life in the surrounding equatorial forest, an elderly farmer told us how a primary school had been created in the village in the 1950s. He also shared his experience of how, after getting seriously ill in the 1970s, he was taken by helicopter to the nearby city where he received free medical treatment, and how, after remaining for many weeks in hospital without any result, he was cured by going to see the traditional healer of his indigenous community. A young indigenous lady reported how she received support from the Costa Rican state university in her efforts to put the Bri-Bri language into written form, as well as to write the legends and traditions of her people. The young lady’s ten year old boy proudly taught us how to

breed iguanas (after school, the young boy was helping his family in their iguana breeding farm supported by a government programme designed at protecting endangered animal species). As the evening unfolded, so did my understanding of the “Costa Rican human development exception”.

This chapter analyses Costa Rica’s human development exception, describing the structure of its socio-historical agency, through narrating its appropriation of its socio-historical reality. The chapter begins by examining two key decisions that have shaped Costa Rica’s present, highlighting how each decision has consisted in a certain appropriation of Costa Rica’s reality at a particular moment in history, and how this particular appropriation has opened up possibilities for Costa Rica to provide its population with the conditions for achieving human well-being. This appropriation led Costa Rica to a cumulative positive process, opening up further possibilities for the promotion of human freedoms, until external developments modified Costa Rica’s socio-historical reality. The chapter then examines that changing reality and to what extent it is affecting Costa Rica’s structure of socio-historical agency, and hence the conditions in which the exercise of political freedom can promote human well-being. The chapter concludes by summarizing and further illustrating the argument that a country’s capacity to promote human well-being rests on its structure of socio-historical agency.

1. Universal primary education

In 1886, the Costa Rican Constitution declared primary education free and compulsory for both sexes, and sanctions were imposed on parents who did not comply.¹ This decision was introduced at a time of considerable political instability, quite remote from the ideal democratic conditions that the capability approach to development sees as central for promoting human freedoms. From 1824 to 1905, 17% of Costa Rica’s

¹ Mesa-Lago (2000a:279).

presidents were overridden by a coup, 24% served for less than a year, and 36% of the period was spent under military rule.²

This historical decision shaped the future social development of Costa Rica in an irreversible way. Table 6.1 indicates the significant impact this decision had on the Costa Rican population, for men and women, and rural and urban areas, alike.

Table 6.1: Illiteracy rates in Costa Rica

	1864 (Total population)	1927 (9 years old and above)
Total	89.1	32.8
Men	85.3	30.6
Women	92.7	35.1
Urban areas	73.5	11.4
Men	63.9	-
Women	80.9	-
Rural areas	92.8	38.3

Source: Seligson et al. (1997)

How could such a bold and unprecedented decision have been taken? Chapter III discussed how human choices are historical and collective because of the ontological nature of human life. The decision to introduce universal primary education does not escape these historical and collective dimensions. That decision inheres in certain historical circumstances and particularly in certain structures of living together that constituted the Costa Rican reality of the time.

Unlike other Spanish colonies, Costa Rica did not have mineral wealth, and did not have a large indigenous population.³ Colonial Costa Rica did thus not exhibit the type of conditions that made probable the settlement of large rural plantations in which the indigenous population might be enslaved. The settlers had to work the land themselves, hence limiting the size of the estate which their families could cultivate. The early settlers were also too poor to import slaves.⁴

² Booth (1998:40).

³ Colonial Costa Rica had a very low population density. It is estimated that only about 27,000 Indians populated Costa Rica at the time of the Spanish colonisation. [Wilson (1998:11)]

⁴ Ameringer (1982).

Things changed however in the early 19th century when German settlers introduced coffee plantations in the country. The cultivation of coffee soon became a very lucrative business, and helped Costa Rica to increase incomes substantially. The President encouraged the cultivation of coffee by making it a compulsory condition for acquiring land⁵ – this was probably the first instance in which Costa Rica's economic development was prompted by government action. The introduction of coffee led to considerable changes in the Costa Rican society, bringing about a greater division of labour and the emergence of a coffee elite. Peasants soon started to lose their land, as they could not compete with bigger farms, and started to seek employment in other coffee estates.⁶

Although the class division between the coffee elite and the workers progressively widened, the relationship between the land workers and landowners remained close.⁷ The coffee elite provided fair treatment to its workers, partly because they belonged to the same race,⁸ and also because there was scarcity of labour, which meant that wages could not be kept at very low levels.⁹ Costa Rica's population was very small, barely amounting to 130,000 inhabitants in 1870.

The boom in coffee production led to the emergence of a liberal culture. Elites were strongly committed to the ideas of liberal capitalism, which they saw as the best way for achieving economic progress. The promotion of education was seen as crucial for preparing the people for trade and industrial development. Strong anti-clerical ideas,

⁵ See also Bulmer-Thomas (1987:13) for a description of how the coffee expansion in Costa Rica could not have happened without the government's involvement in providing strong incentives for coffee production and in facilitating its trade.

⁶ By 1883 for example, Ameringer (1982:13) reports that landless labourers constituted 71% of the rural population.

⁷ See Wilson (1998:9-23) for a discussion of the Costa Rican egalitarian myth. Social stratification did exist, but social classes were however deeply intermingled. Ameringer (1982:3) notes that the coffee barons were not absentee landlords but, for example, mixed with their workers during village feasts.

⁸ Black Jamaican workers were imported in the region of Limón on the Caribbean Coast, following the introduction of banana plantations by an American entrepreneur. But the geographic isolation of the region, as well as the American initiative, made that the import of black labour remained a very limited geographical phenomenon that did not expand to the whole Costa Rican territory. See Ameringer (1982).

⁹ IADB (1994:34).

associated with ideas of liberal capitalism, were also present in the Costa Rican society of the end of the 19th century. In 1884, the government introduced the Liberal Laws, which provided for compulsory lay education for all, and expelled from the country all religious orders running schools. For example, the government closed down Costa Rica's unique university run by a religious order.¹⁰

The argument has sometimes been advanced that the closing down of the university was done for the purpose of making more resources available to achieve primary education for all and that the university only re-opened its doors in 1940 when the country had enough resources to maintain its superior education.¹¹ Another interpretation seems however more plausible. The university was closed because the university was run by a religious order which the government expelled from the country. The intention of the government behind the closing down of the university seems to have been more guided by the desire to establish a liberal state, with a strong separation of Church and State than by the desire to make more resources available for primary education (this parallels the later abolition of the army, which was not a decision made with the intention of making more resources available for social development). Another unintended consequence of the abolition of an education system run by religious orders was the emergence of a uniform public educational system and the non-discriminatory social character of education. Children from landowners sat next in the school benches with children from workers. This uniform public educational system in Costa Rica may be seen as an important factor in building a national identity centred on public institutions rather than on social classes.¹² It also contributed to democratisation (as literacy was a requisite for voting) and social mobility.¹³

¹⁰ Ameringer (1982).

¹¹ Seligson et al. (1997:158).

¹² Personal communication from Ivan Molina (Costa Rican historian).

¹³ Booth (1998:94).

The particular history and structures of living together that characterised Costa Rica at the end of the 19th century help us understand Costa Rica's unprecedented decision to promote universal primary education. It was the characteristic structures of a liberal state committed to ideas of liberal capitalism and of a strong Church and State separation that facilitated the decision to introduce universal primary education. Despite Costa Rica's political instability, the country was ruled by a coffee elite which was sufficiently homogenous and united around the same set of ideas to offset the negative impacts that political instability might have had on policy decisions.

Sen's capability approach to development does not ignore the social and historical constraints that society imposes on human choices and decisions, as discussed in the introductory chapter of this dissertation. However, as a theory of development, the capability approach to development does not appear to offer a framework of analysis for examining how these social and historical constraints operate in relation to human choices and policy decisions towards the promotion of human freedoms. Central to this is what can be called the "appropriation/socio-historical reality dialectic", that is, the understanding of the dialectic that takes place between human choices, seen in terms of appropriations of the reality that one faces in a certain community and at a certain historical moment, and that reality itself, along with its characteristic structures of living together. That dialectic allows us to understand further how some Costa Rican policy choices were made possible by the environment in which these choices were made, and to understand Costa Rica's present achievements in development outcomes and processes briefly described in the previous chapter.

At the end of the 19th century, coffee prices started to plummet to the extent that, by 1914, coffee had lost more than 50% of its value. This provoked a deep economic crisis in the country, which was further worsened by the First World War. The wartime President reacted to the crisis through greater government intervention in the economy, especially by raising taxes in order to restore equilibrium in public finances. The coffee

oligarchy reacted strongly by a military coup, which brought Costa Rica's first and last dictator, Tinoco, to power in 1917. The elite thus still had the power to direct the country when the outcomes of democratic processes did not favour their own interests.¹⁴ But Tinoco was unable to solve the economic crisis and he quickly resigned in 1919 mostly as a result of pressure from the U.S. President Wilson, who never recognised Tinoco's government.

As a response to the liberal government's management of the economic crisis through its laissez-faire policies and the consequent poverty of many Costa Ricans, the Reformist Party was created in 1923. This was Costa Rica's first political party, which brought people together under an agreed programme rather than personality of particular leaders. The party was created by a socially progressive former Catholic priest trained in Belgium where he encountered the Social Doctrine of the Church. This Reformist Party prompted the government to introduce social reforms (although the Party was dissolved at the end of the 1920s as a consequence of internal struggles).¹⁵ For example, in 1927, the government issued a decree stipulating the obligation of the Ministry of Health to give economic aid to the Ministry of Education in order to support school meals.¹⁶ In the aftermath of the 1929 crisis, the Costa Rican government abandoned its laissez-faire policies and continued to promote social services. Public expenditures on health and education rose from 13.1 % of total government expenditures for the period 1890-1901 to 21.1 % for the period 1930-39, while military and security expenditures went down from 26.5% to 18.1 %.¹⁷

The collective and historical background against which these policy choices were made helps us to understand why Costa Rica saw a progressive reduction of the military budget and an increase in the education budget. Understanding these policy choices only as constrained outcomes of a certain environment would hide important information

¹⁴ Wilson (1998:29).

¹⁵ Ameringer (1982).

¹⁶ Seligson et al. (1997:147).

¹⁷ Molina (2001).

about the appropriation/socio-historical reality dialectic behind such an allocation of government expenditures. One can also not ignore the importance of geo-political elements that made these policy choices possible. Costa Rica, unlike its Panamanian and Nicaraguan neighbours, never attracted North-American interests in the building of a strategic passage between the Atlantic and Pacific Oceans.¹⁸

2. The social reforms of the 1940s and the welfare state

In 1940, Rafael Calderón Guardia (from the Republican Party, the party of the coffee oligarchy) won the presidential elections. In 1941, he introduced a social security reform (*Caja Costaricense de Seguro Social*, the CCSS), which incorporated both social insurance (contributory) and social welfare (non-contributory) programmes for the poorest. He also introduced other social guarantees such as an eight-hour workday, a minimum wage, protection against arbitrary dismissal, and the right for workers to organize themselves. In 1942, the Constitution was amended in order to incorporate a new social security law and a Labour Code.¹⁹ Like the educational reforms of the 1880s, the introduction of these bold social reforms could be seen as the result of a dialectic between the structures of living together characteristic of Costa Rica and their appropriation, bearing in mind that the way these structures were appropriated by some leaders is itself to a large extent the product of these structures. For example, Calderón was a paediatrician deeply inspired by his experience as a medical student in Belgium, where he encountered the Social Doctrine of the Catholic Church (the Encyclical *Rerum Novarum* by Pope Leon XIII), and by his work experience as a doctor in the poor suburbs of San José.

Unlike the educational reforms, these social reforms provoked much opposition, especially from the members of Calderón's own (elite) party, the Republican Party, who accused him of "not following the tradition of Costa Rica's 20th century presidents as

¹⁸ Booth (1998:21).

¹⁹ Ameringer (1982), Mesa-Lago (2000a:279), Wilson (1998:31).

builders of schools, roads and bridges.”²⁰ In order to bypass the opposition within his own party, to remain in power and implement his social reforms, Calderón made an alliance with the main opposition party, the Communist Party, which however changed its name to the *Popular Vanguard Party*, so that, ideologically, the alliance was compatible with Christianity. The Communist Party had been created in 1931 following the deteriorating labour conditions after the 1929 crisis. Making an alliance with the Communists was a way to grant the workers the social guarantees that they were asking for, while avoiding the risk of a communist revolution. Calderón’s reforms also benefited from the support of the Catholic Church, represented by its socially progressive archbishop, Mgr. Víctor Manuel Sanabria, who was highly sympathetic to the Catholic Social Doctrine. That key alliance between the Communists and the Church allowed the bold social reforms to be approved and the opposition of the elite to be overcome.

Similarly to the decision for universal primary education, there were important socio-historical conditions underpinning these social reforms. For example, the key alliance between the Church and the Communists, without which the social reforms would have aborted, was possible during this wartime period because the Soviet Union was an ally. Such an alliance would have probably been impossible a few years later with the eruption of the Cold War. And like the educational reforms of the 19th century, the social reforms of the 1940s were not only the result of the exercise of political freedom but also the result of how some leaders appropriated the specific structures of living together of the society in which they were living. The educational reforms were the result of the decision of a liberal coffee elite which believed in a separation of Church and State and in economic development through the education of masses. The social reforms were the result of the decision of a key leader, supported by two other leaders, who believed that the state had an important role to play in providing the conditions for people’s well-being.

²⁰ Ameringer (1978:10).

The social security reforms, the initiative of a single-man, were only subsequently discussed by the Congress members. A report of the time indicated that “the implementation of the law has not been a requirement of the conscious will of the people [...] The law has been prepared from above, by a generous Head of State who makes the greatest possible efforts to understand and feel the contemporary social needs.”²¹ A study of the evolution of the Costa Rican Social Security system even concluded that, “the social security program was entirely designed by Calderón and his elected advisors. There has been little, or any, participation of external groups, not even the communists.”²²

Although the battle for social reforms had been won, conflicts were still to come. Being a wartime President, Calderón confiscated the land of Costa Ricans of German and Italian descendants. This provoked anger among the coffee elite since German and Italian families constituted an important part of this elite. Some members of the coffee elite started to accuse Calderón of dictatorial attitudes. In 1942, when a German torpedo attacked a Costa Rican ship on the Caribbean coast, anti-German riots emerged in the capital city, where the property of all Costa Ricans with German names were looted or severely damaged.²³ José Figueres, who was at the time a coffee farmer in the outskirt of San José, took the opportunity of the riots to criticize Calderón’s dictatorial attitudes, manifested in his mismanagement of the riots, publicly and strongly. Calderón consequently expelled Figueres from the country, making Figueres the first political exile in the country’s history.²⁴

In the presidential elections of 1944, since a President could not be re-elected twice consecutively, Calderón’s ally in the National Republican Party, Picado, won. The party remained strongly divided. The coffee elite was opposed to both Calderón’s social reforms and his dictatorial tendencies (such as the confiscation of the land from

²¹ Rosenberg (1983:66).

²² Rosenberg (1983:80).

²³ Ameringer (1978).

²⁴ Wilson (1998:34n32).

“enemies”). The opposition within Calderón’s own party claimed that electoral fraud had occurred, but could not dismiss the elected President.

In the elections of 1948, Ulate, the leader of Calderón’s opposition, won the elections. But the electoral tribunal declared that there were so many irregularities that the result of the elections could not be accepted. The Congress decided to nullify the elections and to convoke new ones. Ulate rejected the Congress’s decision. Meanwhile Figueres had returned from his political exile in Mexico, where he had been linked to the Caribbean Legion, a group of political exiles from various Central American and Caribbean dictatorships, which was preparing military action to overthrow the dictatorships. In revenge for his forced political exile, Figueres was determined to overthrow Calderón by military force if this could not be done through electoral means. As Calderón’s supporters had the majority in Congress, and as therefore the decision by the Congress to nullify the electoral results was biased, Figueres made an alliance with Ulate, and declared civil war against Calderón, who made an alliance with the Communists.

The civil war lasted six weeks and cost between 1,000 and 2,000 lives.²⁵ The Communists agreed to surrender provided that Figueres respected the social reforms initiated by Calderón. Negotiations between opposing fractions marked the end of the war and established a military junta of eleven people, led by Figueres, to rule Costa Rica by decree for 18 months. Ulate would take his due presidency afterwards.

During the 18 months when Figueres led the military junta and ruled the country by decree, he not only respected the social reforms as promised but extended them. In the new constitution of 1949, Figueres instituted universal suffrage for both men and women, and introduced compulsory secondary education, making both primary and secondary education free and state-financed. Food and clothing was state-provided to poor students and adult education programmes were organised for those who had been left out by the

²⁵ Wilson (1998:35). See also Rojas (1979) for an analysis of the civil war and its links with social struggles.

educational system.²⁶ He also introduced a law that allocated each year 6 % of GDP to public expenditures in education. The new constitution inscribed the “pursuit of the greatest well-being of all the inhabitants of the nation, [through] organizing and stimulating production and the most appropriate distribution of wealth”²⁷ as a constitutional end guiding the government’s actions. In a radio address, Figueres announced that the banking system had been nationalised (so that the state could have better control over economic development) and a 10 % wealth tax had been imposed.²⁸ These measures allowed the state to plan economic development, and they also led to a further political weakening of the coffee elite which used to dominate the ownership of financial capital. By weakening the power of the coffee elite, and building the “state entrepreneur”, Figueres determined the subsequent conditions for the economic and social development of the country.²⁹

There is much speculation regarding Figueres’s motivations for such wide-ranging reforms. The most plausible explanation seems to reside in the specific personality and personal life experience of Figueres. Figueres was an engineer, self-trained in the United States where he spent his days in libraries reading about social philosophy and the socialist theories of Charles Fourier and Saint-Simon.³⁰ Among Figueres’s writings, one reads for example: “efficiency and equity, man’s primary goals in forming societies, could be attained only through harmony or the “solidarity of all classes”,³¹ “the just distribution of the fruits of production are more important than the ownership of the means of production,” or “class harmony is essential for full production.”³² He applied his social philosophy to the activities of his farm, whose

²⁶ Mesa-Lago (2000c:407).

²⁷ Title V, art. 15 cited in Booth (1998:58).

²⁸ Wilson (1998:43).

²⁹ Garnier and Hidalgo (1991).

³⁰ See Ameringer (1978) for a detailed biography of Figueres’s life.

³¹ Figueres quoted in Ameringer (1978:23).

³² Figueres quoted in Ameringer (1978:34).

essential aim, like that of any enterprise, according to Figueres, was to ensure the well-being of his workers. One could also add that Figueres's personality and social ideas were not a mere accident, but the product of the environment in which Figueres evolved. As a Costa Rican sociologist summarizes it, "Figueres was a man with vision, with conviction and with ambition. Ideas came from above but there was a receptive ground to receive them."³³

It is interesting briefly to compare the social reforms of the 1940s in Costa Rica with similar initiatives in Guatemala in the same period. At the end of the 1940s, the President of Guatemala had similar intellectual ideas to those of Calderón.³⁴ After being democratically elected following a long period of dictatorship, the Guatemalan President introduced a social security law and a labour code similar to these introduced by Calderón in Costa Rica. But the Guatemalan right wing, more used to dictatorship, opposition and struggle than dialogue, quickly overturned the president and its reforms, whereas the Costa Rican coffee oligarchy, although opposed to the social reforms, was less able to overturn them. The elite in Costa Rica *could* not overthrow the reforms because, in contrast to Guatemala, the class structure in Costa Rica was not characterised by a feudal structure and the Costa Rican elite did not have a military basis for its power. There was no historical custom of using military means to solve political conflicts. The coffee oligarchy resorted only once to military force in order to overthrow a socially progressive President, which led in 1917 to the two-year Tinoco dictatorship. After the Tinoco dictatorship, the size of the military decreased considerably. Moreover, the elite could not resort to the military to overthrow Calderón's reforms because the Costa Rican army was Calderón's army. After the civil war, Figueres quickly abolished Calderón's defeated

³³ Personal communication from Jorge Rovira (Costa Rican sociologist).

³⁴ Torres (2001).

army and incorporated his own army into a new Civil Guard,³⁵ in order to ensure political stability in the country and to avoid being overthrown.

It has often been assumed that one of the main reasons for Costa Rica's human development achievements was the absence of an army which has been abolished for the sake of creating a social peace dividend. The abolition of Costa Rica's army is however more subtle in the sense that it was not as much an intended decision to create a social peace dividend as a result from a certain appropriation by some leaders of Costa Rica's reality and characteristics of structures of living together, with the creation of a social peace dividend as unintended outcome.

Sen's capability approach to development saw the exercise of political freedom, that is, the ability to participate in the life of the political community and to take decisions that affect one's life, as central to development. Indeed, it even claimed that the idea of development could not be dissociated from participation.³⁶ In the light of the above brief survey of Costa Rica's socio-historical narrative, it seems that the exercise of political freedom plays however a lesser role. It seems that successful policies aimed at promoting central human freedoms such as health and education were indeed, to some extent, dissociated from popular participation. Educational reforms of the 1880s were not introduced as a consequence of popular pressure but were introduced by an elite characterised by certain ideas. The first pressures from the people came with the creation of the Social Reformist Party as a result of the social consequences of the economic crisis. It was the first time a true political party was created in Costa Rica, although the party was the initiative of a cleric rather than an initiative from the poor themselves. The Communist Party was Costa Rica's other experience of popular organization, and played

³⁵ Wilson (1998:43).

³⁶ "The need for popular participation is not just sanctimonious rubbish. Indeed, the idea of development cannot be dissociated from it." [Sen (1999b:247)]

an important role in facilitating the social reforms but did not however take the initiative for them

Although “popular participation” did facilitate key policy decisions (like the Communist Party facilitating the social reforms), the dialectic between Calderón and Figueres’s leaderships³⁷ and Costa Rica’s socio-historical reality seems to have played a more prominent role in building Costa Rica’s human development exception. It is that same dialectic which has accounted for the further development of the welfare state, although the post-civil war context saw a subtle transformation of that elite-only driven social progress to democratic-elite driven social progress. Whereas the coffee elite was the main driving force behind the educational reforms of the 19th century and the social reforms of the early 1940s, Calderón, although a member of that coffee elite, marked a deep break from this elite-only driven social progress by associating himself with the Communist Party. Figueres, himself also a member of the elite, further broke this elite-only driven social progress by founding the *Partido de Liberación Nacional* and by making the election of members of that party the driving force of Costa Rica’s social progress.³⁸ Through the democratic elections of this elite-driven party, the Costa Rican state continued to build and expand its welfare institutions from the 1940s onwards until the early 1980s.

In matters of education, the government pursued the ambitious educational policies initiated earlier.³⁹ In 1964, it established an Office for Educational Planning whose task was to analyse quality and performance in education so that educational planning could be improved. That decision, coupled with a progressive increase in public spending in education, considerably improved educational outcomes. The government

³⁷ Calderón’s leadership was coupled with two other crucial leaderships, these of the Communist party and of the Catholic Church. Had the leader of the Communist party, Manuel Mora, not been moderate enough to change the name of the party into the “Vanguard Party” instead of the “Communist Party”, and had the leader of the Catholic Church, Mgr. Sanabria, not been sympathetic to Catholic Social Doctrine, the social reforms initiated by Calderón would probably never have been implemented.

³⁸ Booth (1998:197-8).

³⁹ Mesa-Lago (2000a, c).

was also strongly committed to attaining comprehensive coverage and to closing the gap in educational opportunities between rural and urban areas. In the 1970s, the government issued a National Educational Plan. The Plan further improved child and adult education, and increased rural educational coverage, through for example special wage incentives for teachers in rural areas, and special pensions to schoolmasters to encourage people to become teachers.⁴⁰

In parallel with the educational system, the health system also expanded further. In 1960, the Costa Rican social security system (CCSS) covered 15 percent of the total population and 25 percent of the economically active population. A constitutional amendment in 1961 gave the government ten years to provide full coverage to all the population. The percentage of the general population covered by health insurance increased from 15 to 78 % between 1960 and 1980 (table 6.3).

In 1971, President Figueres declared a “war on poverty”⁴¹ and created two autonomous institutions providing special programmes for the poor and vulnerable: the Mixed Institute for Social Aid (*Instituto Mixto de Ayuda Social*, IMAS) and the Social Development Fund and Family Allocations (*Fondo de Desarrollo Social y Asignaciones*, FODESAF). Autonomous institutions are semi-independent government agencies endowed with specific tasks. These had been introduced in the 1949 new constitution, mainly to permit the promotion of social well-being independently of political influences, and to ensure some stability and continuity in the provision of social services, by taking it away from the control of the executive or legislative power.⁴² The IMAS dealt directly with poverty-related problems, and focused on education, food and housing subsidies to families without incomes, while FODESAF focused on preventive medicine, free school meals, pensions for poor people and potable water in rural areas. 1.5 to 2 % of GDP was

⁴⁰ Seligson et al. (1997:160).

⁴¹ Garnier et al (1997:365), Seligson et al. (1997:164-5), Wilson (1998:101).

⁴² Wilson (1998:54).

channelled into FODESAF during the decade of the 1970s. The financing of these institutions was made possible by the social commitment of the business elite, who agreed, after two years of negotiations between the government and entrepreneurs, to finance FODESAF through a 3 % payroll tax (which increased to 5 % in 1978).⁴³

The financing of the expansion of the welfare state was also accompanied by an increase in the fiscal burden, which rose from 12.1% as a percentage of GDP in 1960 to reach a peak of 15.6% in 1974 (table 6.2). Of this increase in tax revenues, indirect taxes had the greatest share. The share of indirect taxes rose from 20.2% in 1960 to 48.1% in 1976, while the share of direct taxes only increased from 16% in 1960 to 24.2% in 1976, and the share of taxes on external trade declined. Despite this increase in the tax burden, the expansion of welfare institutions was also accompanied by a significant rise of public debt, which rose from 4.3% of GDP in 1960 to 29.2% in 1980 (table 6.4).

Table 6.2: Government revenues in Costa Rica

	1960	1970	1973	1974	1975	1976
Fiscal burden (% of GDP)	12.1	13.1	13.5	15.6	15.3	15.1
Indirect taxes (percentage of tax revenues)	20.2	45.2	54.7	44.8	47.1	48.1
Direct taxes (percentage of tax revenues)	16.0	18.9	18.2	23.1	23.5	24.2
Taxes on external trade (percentage of tax revenues)	63.7	35.6	26.9	31.9	29.3	27.6

Source: CEPAL (1980).

In the context of “war on poverty”, Figueres introduced the Law of Universalisation of the Social Security in 1971, such that, by 1980, practically all the population received health coverage, about three quarters through social insurance and the remaining quarter through social welfare and public health programmes. For example, a special rural health programme was established in 1973 for those living in rural areas and who could be incorporated into the social security system only with difficulty. The programme introduced a network of health centres and mobile clinics. Priority was given to the country’s poorest communities. This programme allowed 60 % of the rural population to be covered by health services by the end of the 1970s, and reduced the gap

⁴³ Seligson et al. (1997:164-5).

between the poorest and wealthier zones.⁴⁴ This strong emphasis on primary health (vaccination, hygiene and nutrition education, sanitation, nutrition programmes, child and maternal care, family planning etc.) led a strong improvement in health outcomes (for example, infant mortality rates decreased by more than a third during the 1970s).⁴⁵

By the beginning of the 1980s, Costa Rica had become an exemplary social democracy with levels of human well-being reaching those of industrial countries, despite relatively modest resources. As table 6.3 shows, life expectancy has increased by nearly 30 years in half a century. The proportion of illiterate people has been reduced from 27% in 1940 to 7% in 1990. Infant mortality rates had decreased from 137 per thousand in 1940 to 15 per thousand in 1990. Health insurance coverage had expanded from 0 % in 1940 to 84% in 1990, and the coverage of basic services such as water and sanitation facilities was almost complete both in rural and urban areas.

Table 6.3: Costa Rica’s progress in promoting human freedoms

	1940	1950	1960	1970	1980	1990
Illiteracy (% , age 15 and over)	27	21	16	13	10	7
Life expectancy at birth	46.9	55.6	62.5	65.4	72.6	75.6
Infant mortality (0/00)	137	95	80	67	21	15
Malnutrition (% of children under age 6)	-	-	14	12	4	4
Population covered by health insurance (%)	0	8	15	39	78	84
Population with piped water (%)	-	53	65	75	84	93
Population with toilets or latrines (%)	-	48	69	86	93	97

Source: Garnier et al. (1997)

The conception and initiation of Costa Rica’s social security, as well as other social policies, continued to emerge from the political leadership, with Costa Ricans acknowledging and expressing gratitude for those social policies by re-electing those implementing the reforms, namely by re-electing members of the PLN (*Partido de Liberación Nacional*) which was the majority party in power during the entire post-war

⁴⁴ Garnier et al. (1997:367).
⁴⁵ It has been estimated that two thirds of the improvement in health outcomes were due to the government’s public health policy.[Seligson et al. (1997:121)]

period.⁴⁶ There were small parties of opposition but these were very fragmented. The overwhelming presence of a single party enabled the political scene to reach consensus on a unified political framework, that of the social democratic framework of the PLN. The decade of the 1970s saw the climax of this social development initiated by the state bureaucracy and the political elite. Neither the continued educational reforms, nor the health reforms, were the result of a response to people's directly expressed aspirations. Rather than the direct consequences of popular participation, education and health reforms were the result of popular support of bureaucratic initiatives. It was the PLN who took the initiatives of social reforms, with the support of the Costa Rican population who continuously elected for the same party.

So far, Costa Rica exemplifies a happy succession of appropriations of what the Costa Rican reality had to offer at different moments in time, building a historical and collective background against which the exercise of political freedom is conducive to the removal of unfreedoms. It was no accident if in Costa Rica there was a strong consensus around the idea of social democracy from the 1950s onwards, and that Costa Ricans elected the same party in power year after year. There were significant socio-historical conditions for this that already began in the 19th century.

The appropriation/socio-historical reality dialectic offered a useful framework of analysis to understand what was behind the scene of Costa Rica's consequentialist and procedural development achievements, highlighting how successful appropriations made certain further policy choices possible and others not. The way the exercise of political freedom is exercised is highly vulnerable to the background determined by the dialectic movement described above, for better or worse. The socio-historical legacy that Costa Rica inherited from the 1950s onwards allowed Costa Ricans to vote repeatedly for the

⁴⁶ Between 1948-82, the PLN controlled the executive branch in 7 of 12 elections, and dominated the Legislative Assembly in all but 3 administrations. From 1952 to 1983, the PLN lost only 3 presidential elections. [Sánchez (2003), Wilson (1998)]

same party, the PLN, the party driving the socio-democratic effort. However, that dialectic does not function like a machine whose movement cannot be stopped. The early 1980s saw the emergence of external events that broke the positive cumulative outcome of the dialectic, and that radically transformed the background which frames the way Costa Ricans participate in the life of the political community.

3. The crisis of the 1980s and its changes

The social democratic model underwent a profound crisis in 1980-2 due to changes in the external environment which gave rise to a surge in oil prices, a consequent rise in interest rates, and a sharp decline in coffee prices, Costa Rica’s main export product. The Costa Rican economy no longer benefited from low interest loans from international banks to finance its welfare institutions. Costa Rica’s external debt increased from 4.3% of GDP in 1960 to 29.2% in 1980, and more than doubled from 1980 to 1981 to reach a maximum peak of 92.5% in 1982 as a consequence of the changing external environment (table 6.4).

Table 6.4: Public debt as percentage of GDP

	1960	1970	1980	1981	1982	1983	1985	1990	1995	2000	2001
External debt	4.3	13.1	29.2	65	92.5	84.8	74.5	43.7	28.0	19.8	20.1
Debt service	0.5	2.3	4.1	7.5	7.4	9.7	9.0	3.5	5.3	3.7	4.4
- on principal	0.4	1.7	1.3	2.3	3.6	2.7	2.3	1.5	3.5	2.4	2.9
-on interests	0.1	0.6	2.8	5.2	3.8	7.3	6.7	2.0	1.8	1.3	1.4

Source: Ministry of National Planning and Economic Policy

The government’s first response to the crisis was to increase government expenditures on public works programmes, to expand public employment, and to increase taxes. The Legislative Assembly allowed public works and public employment programs to be implemented, but blocked the tax increases. When the President tried to bypass the legislative power by using his powers of decree so that the economic measures he deemed necessary to face the crisis could be taken, the Supreme Court under the pressure of

deputies declared the decree unconstitutional.⁴⁷ In order to solve the crisis, the World Bank and IMF pressed the government to take austerity measures. Although the government finally agreed to undertake the measures, given the gravity of the situation, there was such considerable protest among the population that the President had to revoke these measures. Given the inability of the government to deal with the crisis and reduce its deficit, the IMF ceased to grant loans, and the President expelled the IMF mission with these words, which illustrate how the social democratic culture was still entrenched in the Costa Rican culture: “Between eating and paying the external debt, we cannot accept anything other than the first option.”⁴⁸

This commitment to social democracy and the generous financing of welfare institutions, which had come to be considered a given that Costa Ricans expected from their government, combined with the government’s inflexibility in responding to external changes, led the country to experience in 1982 an external debt almost as high as the country’s GDP (table 6.4). In two years, the economy experienced a decline of 9 % in real production, real wages lost about 40 % of their purchasing power, unemployment rates doubled, and one third of the families fell below the monetary poverty line. Social expenditures as a share of GDP fell from 15.5 per cent in 1980 to 10.8 % in 1982.⁴⁹ The elections of 1982 brought a big change in dealing with the crisis. The new President, Monge, although from the traditional social democratic party, the PLN, introduced drastic structural adjustment policies to deal with the crisis.

However, despite the structural adjustment policies and the cut in public expenditures, primary health care programmes for urban and rural marginal groups were maintained throughout the 1980s, and family allowance funds were increased towards the poor and low-income groups.⁵⁰

⁴⁷ Wilson (1998:104).

⁴⁸ Wilson (1998:105).

⁴⁹ Garnier et al. (1997).

⁵⁰ Mesa-Lago (2000c:483).

One can also not neglect the important role of the massive U.S. aid that Costa Rica received during the 1980s. Table 6.5 shows that U.S. economic aid rose fourfold between 1982 and 1983 to reach more than 5 % of Costa Rica's GDP in 1983, and decreased afterwards. This aid was not benevolent donations from the U.S. but came with conditionality. The World Bank pressed the Costa Rican government to reduce its protectionism through the elimination of agricultural subsidies and the liberalization of import tariffs.⁵¹ USAID also pressed for private sector development. For example, it created new institutions to promote exports (especially non traditional exports) and promoted privatisation. In that respect, the state enterprise, CODESA, created in 1972 by Figueres, as a public enterprise that produced goods that private enterprises alone were not able to produce, was dismantled on the ground that it was infiltrated by inefficient political bureaucracy.⁵²

Table 6.5: U.S. economic assistance as a percentage of GDP

	1982	1983	1984	1985	1986	1987	1988	1989
Economic Aid (millions of \$)	50.8	213.2	170.1	209.9	160.0	184.2	105.3	118.3
Percentage of GDP	1.4	5.6	4.1	5.1	3.7	4.0	2.2	2.4

Source: Clark (2001)

The economic assistance was also connected to pressure to help the Contras in the Nicaraguan revolution. For example, USAID suspended a disbursement in 1983 because President Monge declared neutrality in the Nicaraguan conflict. Again in 1986 and 1987, USAID withheld funds because of the President's opposition to the U.S. sponsored contra revolution in Nicaragua.⁵³

The oil crisis of the early 1980s, and the subsequent rise in interest rates and debt crisis thus introduced a break in the cumulative mechanistic dialectic that had previously characterised Costa Rica. The expansion of the welfare state could no be longer be financed through public indebtedness as it was especially during the 1970s. The PLN,

⁵¹ Clark (2001:49).

⁵² Wilson (1998:72).

⁵³ Clark (2001:50).

once the party driving the social democratic model, had to introduce a break with its traditional expansionist policies and to implement policies that cut government expenditures and raise government revenues. The economic aid received from the United States introduced new economic interests in Costa Rica which also led to a break from the previous general consensus over the socio-democratic development model.

This break from the previous general consensus is manifested in the social spending ratios, and especially in public spending on education. Public spending on education went down from 6.2% of GDP in 1980 to 5.1% in 1985, to reach a bottom of 4.2% in 1990, recovering during the 1990s but still at lower than pre-crisis levels (table 5.10). Dropout rates in secondary education were considerable during the 1980s (table 5.6). Almost half of the Costa Rican population aged between 12-16 was not enrolled in secondary education during that period and the situation had not much improved in 1999. Public spending on health also suffered from the crisis (from 7.2% of GDP in 1980 to 5% in 1985) but regained its pre-crisis levels during the 1990s (table 5.11).

Although social public spending recovered some of its pre-crisis levels, although not totally in the case of the education sector, there are some signs that social services suffered from deterioration, as a consequence of their under-funding during the crisis of the 1980s and of the insufficient level of expenditures in the 1990s to compensate for the losses incurred by the reductions of the 1980s. For example, in the health sector, this deterioration has been evidenced by longer waiting lists for treatments, increased bribery of doctors to bypass the waiting lists,⁵⁴ and the emergence of a parallel private health system.⁵⁵ Although the state still predominantly controls the education and health system – Costa Rica's level of public health expenditures was in 1998 more than 3 times higher than the level spent on private health (table 5.15), upper and middle-class Costa Ricans are slowly moving to private sector solutions. For example, a social scientist confessed that he had now a private health insurance because of the greater efficiency of the private

⁵⁴ Clark (2001:82).

⁵⁵ Mesa-Lago (2000a).

sector, and that many of his friends in the same social class did so.⁵⁶ The banking system is also being slowly privatised (especially under World Bank pressure) to make room for private pension schemes and private insurance funds, but still 70% of the financial system remains in state hands.⁵⁷

An expression of the erosion of the social democratic model is the significant proportion of Costa Ricans families, more than 40%, having at least one basic need unmet. With 1989 as index 100, the index of families having at least one basic need unmet increased to 108.9 in 1994, until reaching 124.9 in 2000 (table 6.6).⁵⁸ This high proportion is essentially the consequence of the large proportion of Costa Ricans who did not complete secondary education.

Poverty seems also to have become more visible among the Costa Rican population: “In 1976, there was no barrios of misery, poor and rich were living in the same areas. Now, things have changed.”⁵⁹ “Now, you have hard poverty with people having no housing, people not being able to eat. Before poor had a very humble house, but a house, they ate few meat, but they ate.”⁶⁰ “Before, the rich did not behave in a superior way. Rich did not speak to others with a feeling of superiority. Though one would be rich, one would address to house employees with respect, using “Doña” before

⁵⁶ Personal communication from an academic working at the Facultad Latino-Americana de Ciencias Sociales.

⁵⁷ Personal communication from Ana Lucia Armijos (World Bank country economist for Costa Rica). The latter complained about how this predominance of the state in the banking and financial system heavily undermined competition, and made the entry of a private system very difficult. For example, state banks offer total risk coverage, something that private banks could not offer, and which put private banks in a very unfavourable position compared to that of state banks.

⁵⁸ One could object that these figures reflect the massive Nicaraguan immigration. But all Costa Rican economists interviewed unanimously pointed out that the figures had more to do with the change in policy options and priorities than Nicaraguan immigration.

⁵⁹ Personal communication from Frank Hinkelammert (German theologian).

⁶⁰ Personal communication from William Ramirez (Costa Rican political scientist).

the person’s name. Now, things are beginning to change. There are more discrepancies. Now, yes, rich exhibit their goods with a sense of superiority.”⁶¹

Table 6.6: Poverty and income distribution

	1989	1990	1992	1994	1996	1997	2000	2001
Families with more than one basic need unmet	100	-	100.5	108.9	-	121.7	124.9	-
Gini coefficient	-	0.374	0.378	0.387	0.393	0.380	0.412	0.433

Source: Sauma (2002) and Trejos (2002a)

Another change to signal is the deepening of inequalities. The Gini coefficient rose from 0.374 in 1991 to 0.433 in 2001. In a newspaper article based on data from *El Estado de la Nación*, a Costa Rican political economist and previous development minister writes: “In 1997, the richest families earned 25 times what the poorest earned. In 1999, they earned 30 times more and, in 2001, they earned 36 times more. The rapidity with which the gap is opening is horrific. [...] Between 1997 and 2001, the income of the two lowest poorest groups has raised by 9.7% and 8.9% annually, while during the same time, the annual inflation rate was 11%.”⁶²

The crisis of the 1980s profoundly changed the socio-historical reality that Costa Rica could appropriate in order to promote human freedoms. This break from the overwhelming consensus that prevailed among Costa Ricans around the idea of social democracy and the role of the state has its principal roots in the break in the Costa Rican political scene, namely the loss of hegemony of the PLN, the party behind social democracy, within Costa Rica’s society: “Since the 1980s, there is a clear rupture. During the 1950-1980 period, the vision of the PLN predominated, there were big lines of ideas. In the 1980s, that general vision disappeared. Costa Rica does not have anymore a common conceptual mark. It is not anymore the general interest which dominates policy action. Individual, corporatist and gremial interests predominate.”⁶³ “In the 1950s-1980s,

⁶¹ Personal communication from Luis Camacho (Costa Rican philosopher).

⁶² Garnier (2002c).

⁶³ Personal communication from Manuel Barahona (Costa Rican social scientist).

we talked about social rights, but there was no disagreement about who should deliver those rights. From the 1980s onwards, there are disagreements about the means.”⁶⁴

From its creation in 1951 to its founder’s death in 1990, the PLN has been led by Figueres whenever he was not elected President (1953-1958, 1970-1974), and by its three other founding fathers. There was a strong internal cohesion, and a strong consensus among the party’s members over what the party’s rulers decided. This elitist internal dynamics disappeared at the founder’s death, generating internal struggles amongst the younger leaders seeking control over the party, and leading to the creation of different factions inside the PLN. The fragmentation of the PLN has also been further prompted by the introduction of internal democratic processes within the party – problems within the party are no longer solved behind closed doors, but have to be solved by agreements between all the members.⁶⁵

The crisis of the 1980s also introduced a structural change in the macro-environment from which individuals draw their values and motivational concerns, putting a higher value on the freedom to pursue market exchange than the freedom to participate in the organisation of the life of the community for the greatest well-being of the members of the community.⁶⁶ This brought an ideological change inside the PLN’s own ranks, introducing a breach in the PLN’s long socio-democratic tradition. While the first and second generation members of the PLN still retained a consensus over socio-democratic ideals, the third generation members of the party wanted greater participation of the private sector in the economy and more market freedom. In 1986, the presidential

⁶⁴ Personal communication from Jorge Novalski (Costa Rican economist).

⁶⁵ See Sánchez (2002, 2003) for the causes of the PLN’s loss of hegemony.

⁶⁶ See for example Stewart (2002) who discusses how the economic crisis of the 1970s and the debt crisis of the 1980s have led to a shift in the ideological motivations embedded in the macro-environment towards liberalisation and privatisation policies. While the 1970s were marked by a strong belief in state intervention, especially in the provision of the basic needs, the international environment of the 1980s was marked by a strong distrust of the state and a high confidence in market mechanisms to guarantee an efficient allocation of goods and services.

candidate supported by the old PLN leaders (including Figueres) lost the presidential elections. This further divided the PLN. These divisions have led to the creation of new political parties. In 2002, 4 political parties occupied the Costa Rican political scene, with none of them having the majority in the Legislative Assembly: the PUSC (*Partido de Unidad Socio-Cristiana*) created in 1983, the PAC (*Partido Acción Ciudadana*) created in December 2000 for the 2002 presidential elections, and the ML (*Movimiento Libertario*) created in 1998.

Costa Rica’s structure of socio-historical agency is changing, and hence so is the background against which political freedom is exercised. The next section summarizes the theoretical arguments made in this chapter in the light of the Costa Rican experience, and examines three recent cases of policy-making which illustrates that the removal of unfreedoms through the exercise of political freedom rests upon the structure of a country’s socio-historical agency and the outcome of the appropriation/socio-historical reality dialectic.

4. The role of socio-historical agency

This chapter has argued that what led Costa Rica to take a certain social development path rather than another was closely linked to the way Costa Rica’s reality was appropriated in the course of its history. Table 6.7 summarizes Costa Rica’s structure of socio-historical agency through the narrative developed in this chapter.

Table 6.7: Costa Rica’s structure of socio-historical agency

	Socio-historical reality and characteristic structures of living together	Appropriation of the socio-historical reality (which led to a new socio-historical reality and new characteristic structures of living together)
Pre-1850	No indigenous population, no mineral wealth, no slavery, geographical isolation	Self-sufficient agricultural society of small farmers cultivating their own land
	Introduction of coffee by a German settler	The government stimulates coffee production, expansion of coffee plantations

1850-1900	- Small farmers sold land, emergence of a rural proletariat, labour scarcity, high wages - Non-feudal nature of land ownership (no alliance Church-military-elite)	Economic and political elites committed to liberal capitalism take the decision for universal primary education as means for achieving economic progress, and introduce a strong Church and State separation
1900-1940	- Fall of coffee prices, economic crisis, rising poverty - No external credit; no strategic geo-political situation	- Tinoco dictatorship but no international recognition, and no national conditions to support dictatorship (long tradition of freedom of expression)
	- Widespread poverty - Socially progressive Catholic Church	- Emergence of socially progressive movements, and of Communist Party (end of liberal laissez-faire policies)
1940-1948	- 1940 elections bring Calderón to power - Calderón, a doctor in poor suburbs, influenced by Catholic Social Doctrine - Opposition within Calderón's own elite political party - Communist Party, socially progressive Church, - Second World War	- Calderón introduces Social Security and labour guarantees, and overcome the opposition through an alliance with Communists and the Church (alliance possible given that Russia was an ally) - Calderón confiscates the properties of farmers from Italian and German descendants
	- Figueres, a farmer-entrepreneur, and socialist intellectual - Anti-German riots - Caribbean legion in Mexico: group of political exiles from Central America and the Caribbean who want to overthrow dictatorships by military force	- Figueres takes the opportunity of the anti-German riots to accuse Calderón of dictatorial tendencies (confiscation of land of the elite) - Calderón expels Figueres from the country (Figueres goes in political exile in Mexico)
1948-1980	Ulate (Figueres's ally) wins the 1948 elections, but Congress (dominated by Calderón's party) nullifies the elections	- Figueres returns from exile, seeks revenge from Calderón, and takes opportunity of the alleged fraud to overthrow Calderón by military force: civil war between Calderón/communists and Figueres/coffee oligarchy - Communists surrender, peace agreements

	18 months military rule led by Figueres	Figueres changes the Costa Rican constitution, nationalizes the economy, abolishes the army: Figueres lays down the conditions for social democracy
	Ideological homogeneity around the idea of social democracy (<i>Partido de Liberación Nacional</i> as party in majority during the 1950-1980 period)	Expansion of social welfare institutions led by a self-perpetuating bureaucratic machinery
1980-2002	- Oil crisis, rise in interest rates, debt crisis - New interests in the country, change in ideological context (no general consensus around the idea of social democracy) - Stagnation of poverty levels, increased inequalities	- Economic aid from the U.S. and international finance institutions (pressures at privatising and liberalizing the Costa Rican economy)

One can highlight some specific structures of living together and their appropriation that led to the procedural and consequentialist development assessment results described in the previous chapter, and the successful exercise of political freedom towards the removal of unfreedoms. For example, of particular importance was the introduction of coffee production within a relatively egalitarian and ethnically homogenous society that led to the emergence of an economic elite committed to the ideas of liberal capitalism, and its consequent decision to introduce liberal laws and universal primary education to build up the liberal foundations of such an economic order. Another key factor in explaining Costa Rica’s human development success story is the particular political setting of the Second World War and the personality of Figueres which led to his exile, and to his determination to impose his socio-democratic intellectual ideas in Costa Rica by whatever means possible.

The Costa Rican case study also illustrates that a country’s socio-historical agency is not totally determined by a country’s structures of living together, but changes

according to people's choices in the face of the new reality they face. A country's structure of socio-historical agency reflects the freedom that people have, at different moments of the country's history, to make certain choices, opening up or closing down the possibilities of certain choices being made. And since human freedom is involved, human fallibility and the freedom to make good or bad choices are involved too.⁶⁷ Figueres, on his return from exile, could have well changed his ideological beliefs once he had powers to direct the country under the military junta. Socio-historical agency implies socio-historical vulnerability,⁶⁸ that is, a country's collective capability to promote human freedoms is vulnerable to the set of structures of living together that constitute a country's reality, and to the way this reality is being appropriated, for better or for worse. For example the critical decision in the 1880s for universal primary education, supported by ideas of liberal capitalism that found a breeding ground in the characteristics of Costa Rica's productive structure, facilitated the key decisions that Calderón and Figueres took that led to Costa Rica's radical social development path from the 1940s onwards. There is a strong dialectic between how a certain reality is appropriated at a certain time (e.g. Figueres who implements his socio-democratic intellectual beliefs through the means of a civil war) and the historical legacy of past appropriations (e.g. Figueres's socio-democratic intellectual beliefs are themselves to a large extent the product of the structures of living together characterising Costa Rica in the 1920s-30s, themselves the product of past appropriations).

This dialectic laid down the conditions upon which the participation of Costa Ricans in the life of the political community from the 1950s onwards led to the removal of unfreedoms. It laid the ground for the emergence of structures of living together

⁶⁷ See for example Ricoeur (1986) for a discussion on the fallible nature of human life that he links to the existence of the possibility of evil within a human being's constitution.

⁶⁸ See for example Martha Nussbaum's works in Ancient Greek philosophy which have widely emphasised how much the striving of human beings towards human flourishing is vulnerable to elements that they do not control such as luck and elements that they do control such as wickedness. See especially the Preface of the revised edition of her *Fragility of Goodness* [Nussbaum (2001a)], where she attempts to make the link with her works in international social justice.

characterised by a strong general consensus over the idea of social democracy and which led to the consequent expansion of the welfare state during the 1950-1980 period, until external factors modified Costa Rica's reality in the early 1980s. The structures of living together that supported the general consensus about social democracy and the role of the state are being progressively weakened, leading to a very ambiguous relationship between the exercise of political freedom and the removal of unfreedoms, as three recent events illustrate.

The National Consultation

In 1998, the elections that brought Miguel Rodríguez to power registered one of the highest abstention levels in Costa Rican political history, more than 30% of absenteeism (the previous record was 18%).⁶⁹ Some have seen in this high absenteeism a manifestation of Costa Ricans' discontent with government policies.⁷⁰ Given the limited legitimacy of his government, Rodríguez called a national consultation in order to strengthen public support for his government.⁷¹ The National Consultation Forum gathered representatives from a very wide range of society, such as co-operatives, the financial sector, peasant organisations, unions, environmental groups, micro-enterprises, universities, ethnic minorities, groups from the education sector, from the foreign trade sector, women, political parties and members of the government. The consultation process was thus very inclusive, covering a very wide range of organisations. There were about 139 participants in the consultation. It could be seen as the largest effort towards direct civil participation that the country had ever known.

⁶⁹ Estado de la Nación (1999:232). In the presidential elections of 2002, absenteeism rose to 31.2 %. [Sánchez (2003)]

⁷⁰ Booth (1998:125) attributes this high absenteeism (average turnout has been around 82% from 1962 to 1994) to successful campaigns of various groups that invited Costa Ricans to abstain from voting in protest of the government's economic policies.

⁷¹ Barahona et al. (1999).

The participants were divided into thematic roundtables defined by the government: corruption, insurance market, telecommunication market, unemployment, pensions, family allocations and social development, environment, union liberties, wage policy and rural development. More than 150 agreements were reached unanimously. The consultation created a very fruitful public space for discussion and dialogue. It was an exercise for the participants to listen to different positions and to arrive at agreements. In some ways, it could be regarded as the ideal example of what Sen would call public discussion, with full inclusiveness, freedom of expression, views equally heard, transparency in discussion, etc. However, when the agreements were discussed at the Legislative Assembly to be implemented, none of them were followed up. The “Law of the Worker” was the only law that was discussed in the National Consultation and approved by the Legislative Assembly, fundamentally because it had been discussed in the Assembly before the National Consultation took place.

The National Consultation was an initiative emerging from the government to win democratic support for its actions, given the very low participation levels when it had been elected through conventional democratic procedures. The initiative was thus an opportunity to make Costa Ricans agents of their own development, by giving them the possibility to directly have a say in the decisions that affect the life of the political community. However, the elected representatives failed to translate these participatory agreements into actions.

One could advance the hypothesis that this failure is due to the new Costa Rican context that emerged after the crisis of the 1980s, and the growing gap between the elected representatives and the Costa Rican population. There is no longer a consensus around social democratic values, there is no longer a single-party driven government, and new foreign interests have entered the country. However, although the failure of the national consultation to generate policy results seems to rely on that changing context, the outcome of the appropriation/socio-historical reality dialectic still bears the mark of Costa

Rica's history, and the background against which Costa Ricans participate in the life of the community has not totally changed, as the next case illustrates.

The "Combo del ICE"

In March 2000, the Legislative Assembly approved a law that would open the telecommunication market, to date a public monopoly, to a foreign company. The law is known as the "*Combo del ICE*" (*Instituto Costa Ricense de Electricidad*).⁷² The unions of the ICE were opposed to the project because they feared that it would entail job losses. Public protests started, as the ICE unions looked for support from other unions in state enterprises, and from organisations such as student organisations and environmentalists. Given the rising public opposition to the decision to open the telecommunication market, the government launched an information campaign supported by the business sector in order to explain the reasons for and the effects of the decision. The government also tried to make it clear that the opening of the telecommunication market did not mean privatisation of the ICE but merely more opportunities for private participation, and more competition in telecommunications. The information campaign failed however to change people's fears that privatisation was the key hidden issue behind the opening of the market.

Given its inability to stop the protests, the government opened an arena for special discussion. A special office was created in order to receive all the views of the people and to discuss them openly. Yet, this could not stop the protest against the possibility of a private presence in the state-owned company. The protest extended to the whole country (in 20 days there were about 274 protest actions). The law was then sent to the Constitutional Court.⁷³ Meanwhile, the government convened a special roundtable whose negotiations led to the creation within the Legislative Assembly of a special mixed

⁷² Estado de la Nación (2000:214-220).

⁷³ The Constitutional Court was created in 1989 with the task of controlling the constitutionality of laws. It is known as the "*Sala IV*" and can be seen as the fourth power of the Republic.

commission with deputies and people from various social sectors, in order to debate and modify the law.⁷⁴ But before that commission started to work, the Constitutional Court declared that the law initially approved by the Legislative Assembly was unconstitutional on the ground that it violated constitutional principles and values. It should be noted that the decision was made on the basis of the adequacy of the legal procedure according to which the law was approved rather than on the basis of the content of the law itself.

Whereas the National Consultation experience illustrates the growing gap that exists between Costa Rican democratic institutions and its people (expressed by the low turnout at the presidential elections and by the little number of agreements decided through the participatory processes that have been agreed by the Legislative Assembly), the *Combo del ICE* experience illustrates that the legacy of the past is still strong, and that the background upon which Costa Ricans participated in the life of the political community in the 1950-1980 period is not completely eroded. Costa Rica's socio-historical narrative and the structure of its socio-historical agency allows one to understand why policy decisions in Costa Rica cannot remain among the closed circles of politicians influenced by external pressures to dismantle state institutions, but have to be widely shared and accepted by the general population, especially when they hinge on esteemed social institutions of the social democratic heritage. It is precisely thanks to the strong sense of identity of Costa Ricans with regard to their welfare institutions, especially with one of its main symbols, that the opening of the telecommunication market to private enterprises, and perhaps the later privatisation of telecommunications and electricity, was avoided. As one Costa Rican expressed it, the social democratic

⁷⁴ Two mixed commissions already existed within the Legislative Assembly. The "Defence of the Inhabitants", created in 1992, on the mould of the "ombudsman", is in charge of defending the rights of the inhabitants with respect to public management. The other mixed commission is the "General Control of the Republic" (*Contraloría General de la República*), which controls the execution of public expenditures with an absolute functional and administrative independence. These commissions have consultative power in the Legislative Assembly.

identity of the Costa Rican is still so entrenched that a Costa Rican would prefer to wait six months to have a mobile phone and be sure that the remotest village has a public phone box through public provision rather than have a mobile phone immediately provided by a private company.⁷⁵

One could object that it was a legal decision, and not people's exercise of political freedom, which prevented the opening of the telecommunication market to private participation, and that the protests were initiated by workers in the public sector who were afraid of losing their jobs. However, it was popular protests which brought that decision for examination at the Constitutional Court. Without these protests, the case would not have been discussed in the Constitutional Court. If the legal decision had been otherwise, Costa Ricans would perhaps have resorted to other means to influence decisions that affect their lives. Also, the protests extended to various sectors of the Costa Rican population who were not affected by the threat of job losses. Without this strong sense of identity around social democratic institutions, and without the exercise of political freedom through popular protests, it is very unlikely that the decision to open the telecommunication market to private participation could have been prevented.

While the ICE successfully maintained its position as a symbol of Costa Rican social democracy thanks to the exercise of political freedom and the background against which that freedom is exercised in Costa Rica, there is another social democratic symbol that is in danger of losing its identity: the State itself and its ability to sustain its high social spending and maintain its social welfare institutions. But with regard to that social democratic symbol, the outcome of the appropriation/socio-historical reality dialectic gives the exercise of political freedom a rather ambiguous role in the removal of unfreedoms.

⁷⁵ Personal communication from a Costa Rican psychologist.

The fiscal problem

The expansion of the welfare state could proceed happily when external borrowing at low interest rates was possible, but the crisis of the 1980s showed that the welfare state needed an adequate fiscal basis for its long-term sustainability to be ensured. In 2001, the public sector deficit reached 2.9 % of GDP, internal debt 28.1 % of GDP (table 6.8), and the cost of servicing the debt to 4.4% (table 6.4).

Table 6.8: Government deficit

	1998	1999	2000	2001	Average 1991-1999
Deficit central government/GDP	2.5	2.2	3	2.9	2.5
Total internal debt/GDP	24.5	26.8	26.7	28.1	30.5
Total external debt/GDP	20.3	19.4	19.8	-	28.9

Source: Estado de la Nación (2001, 2002)

In 2001, the fiscal burden only amounted to about 12.5 % of GDP, while it amounts to over 15 % in many countries with similar levels of human development.⁷⁶ To realize a zero deficit in 2001, the fiscal burden would need to have been 15.3% of GDP. The low fiscal burden in Costa Rica is mainly due to a narrow and inequitable tax base. Tax rates vary with the nature of the incomes (whether proceeding from wages or from plus-value), but not with the amount of incomes. The low fiscal burden is also due to widespread fiscal evasion. It is estimated that Costa Ricans evade 20% of their contributions to Social Security, between 30 and 40 % of V.A.T. and more than 60% of taxes on companies.⁷⁷ Additionally, the structure of the fiscal burden has changed as a consequence of the reduction of trade barriers and taxes on imports and exports, with a further burden on consumption and sales taxes (table 6.9).

Table 6.9: Structure of fiscal revenues

	1981	1984	1987	1990	1995	1997	1999	2001
Income	21.4	19.2	15.4	16.7	24.9	23	29.4	27.6
Sales (including consumption)	36.3	46.1	51.4	50.0	47.3	60.3	56.1	51.3
Import	12.9	16.9	22.9	25.3	18.7	10.8	7.0	6.5
Export	27.2	12.8	7.9	3.1	4.2	1.6	1.0	0.3
Others	2.2	5.1	3.4	4.9	4.6	4.3	6.5	14.3

Source: Booth (1998) for 1981-1990 and Commission of ex-Ministers of Finance (2002) for 1995-2001.

⁷⁶ Garnier (2002b).

⁷⁷ Garnier (2002b).

This low fiscal burden and low share of direct taxation as a proportion of total revenues appear to be in contradiction with the Costa Rican socio-democratic model, and it is not a new contradiction. Although the fiscal burden was higher during the 1970s, amounting to more than 15% of GDP in the mid-1970s (table 6.2), and although there was a greater willingness to contribute to the social democratic effort (although it took two years of negotiations for the business sector to be willing to finance the creation of a new welfare institution in the 1970s),⁷⁸ the fiscal burden lay essentially on indirect taxation (which constituted about a half of total tax revenues during the 1970s), and the Costa Rican government has tended to rely on external borrowing to finance the expansion of its welfare institutions.

This contradiction in the model, with on the one hand a low fiscal burden and regressive tax structure and on the other hand a high social expenditures ratio and progressive government expenditure structure, has been well summarized by the *Estado de la Nación*: “There is a tendency of the Costa Rican to ask much from the State but to give it very little. It is not possible to devote 6% to education, to pay attention to the public debt, to maintain pension regimes relatively generous at the charge of the public budget, raise the wages of civil servants, increase the number and improve the work conditions of the teachers and the police, close the gaps in investment in infrastructures, and at the same time to maintain a fiscal burden of less than 13% of GDP.”⁷⁹ This contradiction in the system is also widely acknowledged among the Costa Rican population: “The small fiscal basis has been a constant problem in Costa Rica. It was easier to fight poverty in a closed economy. The government was in control of the policies. Now, in an open economy, the control of the state is very weak given international pressures.”⁸⁰ “There is a wide conception that the State has big

⁷⁸ Seligson et al. (1997:164-5).

⁷⁹ Estado de la Nación (2001:57).

⁸⁰ Personal communication from Carlos Sojo (Costa Rican sociologist).

responsibilities towards the poor (but not individual persons). Poverty is the responsibility of the State.”⁸¹ “Costa Ricans consider the problem of poverty as a problem of the State, not of them”⁸² “The mentality of the Costa Rican is “I delegate, and I choose the person who will make me better, but I am not willing to do things.”⁸³

This discrepancy between Costa Rica’s generous social spending and small tax collection capacity, combined with the consequences of the debt crisis of the 1980s, the dismantling of taxes on foreign trade, and new economic sectors which escape taxation (such as Free Trade Zones), have resulted in a deep fiscal problem. Given the political and social sensitivity of the fiscal problem, solutions to the problem have been delayed by each administration and left to the responsibility of the next one. It is estimated that, if nothing is changed in the current budget expenditures and tax collection, the fiscal deficit will be reaching 12% of GDP in 2006, and that servicing the debt will take 62% of total fiscal revenues in 2006.⁸⁴

In view of the gravity of the situation, the previous Costa Rican ministers of Finance issued a document proposing the creation of a mixed commission in the Legislative Assembly that would discuss the main themes, with wide publicity. The commission would have the task of examining the proposal for tax reform made by the ex-ministers, and of submitting its agreements to the Legislative Assembly. The main objective of that mixed commission consists in “searching for structural solutions to the public finance disequilibria, through the promotion of a fiscal pact that involves all the sectors of the population in the solution of the fiscal deficit and in the search for new alternatives for the economic development and the well-being of Costa Ricans; [the Commission] will have the ability to study, analyse, propose and judge the law projects

⁸¹ Personal communication from Manuel Barahona (Costa Rican social scientist).

⁸² Personal communication from William Ramirez (Costa Rican political scientist).

⁸³ Personal communication from Pablo Sauma (Costa Rican economist).

⁸⁴ Commission of ex-Finance Ministers (2002).

that help meet that objective.”⁸⁵ The commission includes 7 deputies from the 4 different parties (2 deputies from the *Partido de Liberación Nacional*, 2 from the *Partido de Unidad Socio-Cristiana*, 2 from the *Partido Acción Ciudadana* and one from the *Movimiento Libertario*), 8 external assessors representing various sectors from civil society (labour unions, export association, rural organizations, cooperatives) and the executive power, and 2 independent technical assessors. The commission is discussing the work plan established by the previous ex-Ministers of Finance, and its measures aimed at improving the efficiency of tax collection, at enlarging the fiscal basis, at improving the efficiency and control of expenditures, and at lowering the cost of the public debt.

The establishment of this mixed commission within the Legislative Assembly is an opportunity for Costa Ricans to participate in the life of the community and to influence decisions that will affect their own well-being. However, such a participation process is not free of dangers in Costa Rica’s new socio-historical reality. Costa Rican society seems to be undergoing increased corporatisation, giving way to bigger particular group interests.⁸⁶ The crisis of the 1980s and the economic aid received by the United States have introduced new interests, such as export groups or lobbies pushing for privatisation. Also, the hegemonic presence of the PLN and of its social democratic ideology has given way to other parties and others ideologies.

Given this increased corporatisation of the Costa Rican society, when it comes to deciding what to do in the political community, there is a greater likelihood that each group will give priority to advancing their own interests and not to considering the general public interest. Consequently, agreements concluded between the various

⁸⁵ <http://www.racsa.co.cr/asamblea/pactofiscal.htm>.

⁸⁶ Barahona (2002). He refers to the notion of the “corporatisation” of society in its European Medieval sense, which referred to the tendency of people who shared the same professions and interests to gather together with the aim of defending the same particular interests. Today, corporatism can be seen as the articulation of society between groups of people sharing the same particular interests based on business interests, gender, age, sexual rights, etc.

corporatist interests may not match the public interest. If each interest group is primarily concerned with minimizing its tax payments little progress is likely to be made, or the most powerful are likely to have their interests transformed into general agreements (such as for example maintaining the tax exemption status of Free Trade Zones, and increasing the consumption tax). Without a certain sense of collective responsibility or level of social commitment, and without a certain willingness to sacrifice one's own interests for the sake of the public interest, the likelihood of a successful outcome to the fiscal crisis seems to be small. As the report of the ex-Finance ministers warns, in order to tackle the fiscal problem, one will have to target the interests of groups, and make sacrifices so that the long-term collective security and well-being of the Costa Rican population can be guaranteed.⁸⁷

Leaving the fiscal problem in the hands of people who represent particular groups of people rather than neutral fiscal experts, contains the danger of letting the country be directed by the interests of sectors or groups that these people represent rather than the national interest. As a Costa Rican economist and former minister for Development Planning summarizes it: "With this type of mixed commission, we do neither strengthen a more representative democracy with greater capacity for collective discussion, nor move towards an illusory participative democracy... but we move towards a dangerous corporatist democracy."⁸⁸

As the fiscal problem exemplifies, the extent to which the exercise of political freedom leads to the removal of unfreedoms depends on the particular background against which the latter is exercised. In the case of the Costa Rican fiscal problem, this background contains on the one hand the legacy of the contradiction of the social democratic system (high social expectations of the government and little contribution towards it) and on the other hand the consequences of the changes in the Costa Rican macroeconomic and political scene that have occurred during the 1980s (an increased

⁸⁷ Commission of Ex-ministers of Finance (2002).

⁸⁸ Garnier (2002a).

segmentation and corporatization of society and fewer possibilities for external indebtedness). It is the outcome of the appropriation/socio-historical reality dialectic which sets the background against which Costa Ricans participate in the life of the political community, and the extent to which it will lead to the removal of unfreedoms

These three examples illustrate that a capability approach to development which advocates the removal of unfreedoms through the exercise of political freedom would offer insufficient theoretical tools for understanding the process through which development occurs. As the extent to which the exercise of political freedom leads to the removal of unfreedoms depends on a collective and historical background, the capability approach to development would need to be brought more explicitly towards collective and historical dimensions. For example, the national consultation emerged as an initiative of the Costa Rican government after record levels of voters absenteeism and secured wide support and participation among the Costa Rican population. The high voters absenteeism, the government initiative and the wide participation have to be understood within Costa Rica's structure of socio-historical agency. Similarly for the *Combo del ICE*. The massive protests with regard to the opening of the telecommunication market to private participation also situate themselves within Costa Rica's structure of socio-historical agency. It is the outcome of the appropriation/socio-historical reality dialectic which has made it possible for Costa Ricans to participate in the life of their political community through protests, leading to the withdrawal of that decision. The fiscal crisis also exemplifies the role of the structure of a country's socio-historical agency in removing human freedoms, and in facilitating or hindering the removal of unfreedoms through the exercise of political freedom. The next chapter further illustrates the role of the structure of a country's socio-historical agency in expanding human freedoms by looking at the Dominican Republic's development path, and draws the implications for the capability approach to development.

VII. The Dominican Republic: The legacy of political struggles

“¿Quieren ver las obras? ¿Quieren ver las obras? Pues vayan a La Bombita, Las Yayas y La Cañada del Diablo, en Azua; a Los Ríos y Montserrat, en Bahoruco; a Restauración y Manuel Bueno, en Dajabón; a Los Tres Ojos y Villa Aura, en el Distrito Nacional; a Los Genaos, Mata Larga, Ramonal y el Hoyo del Jaya, en la Provincia Duarte; a La Gina de Miches, en El Seybo; a Juan López, Aguacate Abajo y Canca La Piedra, en Espaillat; ...” [Do you want to see the works? Do you want to see the works? Well go to...]

Hipólito Mejía, Presidential Discourse at the National Assembly, February 2002

I was walking with some local people in a marginal urban area of Santo Domingo when someone told us that a member of the community, a middle-aged man, had had a stroke and had been taken in emergency to hospital. After hearing the news, we set out towards his family house. It was a very simple, small four-room house in the midst of the noise of an overpopulated area. All his children, as well as numerous neighbours, were gathered around his wife to offer support. Two days later, his wife came to the house of local people where I was staying, to seek financial help because her family could not bear the costs of hospitalisation. This was one of my first contacts with the reality of a country which experienced the highest economic growth in Latin America in the 1990s but exhibited the sad record of having the lowest social spending ratio of the continent. But other surprises awaited me.

I arrived in the Dominican Republic in the midst of a political campaign, with posters with faces of politicians, accompanied by words such as “I repair this” (“*Yo arreglo esto*”) at every single corner of the city, including in the most remote paths of marginal areas. I was struck by the aggressiveness of the political campaign and the absence of any substantial political agenda. One day, the public transport I used to take daily went on strike. When I asked for the reason, I was told that a driver had been killed by the police, on the grounds that he was refusing to pay a fine. Every day, at 7am, the electricity of my guesthouse went off. Electricity would sometimes come back at 7pm to disappear soon afterwards until 9pm. The government had decided to privatise the public

electricity company, electricity prices had increased and, since then, electricity blackouts were common in areas where an overwhelming majority of people failed to pay their electricity bills because they could not afford it. Although water was flowing from the taps, I was told that no public water distribution existed and that a private distribution company came every two weeks to fill the tanks. One night, I was invited for dinner to the house of a Dominican industrialist. Talking about his country, he mentioned that when the car company Jaguar opened a sales point in the country, it sold all the stock of Jaguars it had expected to sell in one year during the first night of opening... Another night, I was having a conversation about the Dominican education system with an upper-class family with three children. They paid RD\$85,000 a year to secure the primary and secondary education for each child, or about US\$ 15,000 a year for the education of their three children. I had just read that the poverty line in the Dominican Republic was estimated at RD\$867 a month. A poor family, and those below the poverty line constitute 30% of the Dominican population, would then have to work 100 months to secure a year of good education for one single child...And the reality of this fast economic growth country unfolded to me day after day.

This dissertation has argued that a country's ability to remove unfreedoms was linked to the structure of its socio-historical agency narrated through the appropriation/socio-historical reality dialectic. While the Costa Rican case study argued that a country's ability to have successfully removed unfreedoms found its deepest roots in key historical decisions facilitated by favourable structures of living together, the Dominican case study will illustrate that the contemporary government performances in translating economic opportunities into social opportunities have their origin in a long historical process consisting of an unhappy succession of decisions from the perspective of removing unfreedoms within unfavourable structures.

This chapter begins by narrating the Dominican Republic's structure of socio-historical agency by looking at its political history. It discusses how, since colonial times,

the characteristics of the Dominican Republic's reality made it very difficult for that reality to be appropriated in ways conducive to the removal of human unfreedoms. These difficulties in successfully appropriating the particular Dominican socio-historical reality led to a cycle of missed opportunities for the country to take a development path towards the enhancement of human well-being. In the 1990s, the Dominican reality appears to offer more possibilities of being appropriated in a way that would give rise to policy decisions towards removing unfreedoms. However, the long history of missed opportunities continues to bear its mark on the Dominican structures of living together, imposing its weight on contemporary policy decisions. The chapter concludes by drawing the theoretical implications of this for the capability approach to development, pointing to the necessity of thickening the capability approach to development with socio-historical narratives that underline the historical and communitarian embeddedness of human agency and choices.

1. The emergence of the dictatorship

The Dominican Republic, unlike Costa Rica, had rich natural resources (gold mines) and a large indigenous population. About 400,000 Indians (*Taínos*) inhabited the island of Hispaniola (which is today known as Haiti and the Dominican Republic) at the time of Columbus's arrival in 1492. The Spanish colonisers forced Indians to work in the gold mines where they were overworked, mistreated and underfed. Hunger and disease soon decimated the indigenous population. By 1508, only 60,000 Indians survived, and by 1519, the indigenous population was totally extinguished. Along with the extinction of Indians came the depletion of the mines. Sugar plantation and cattle grazing soon replaced gold mining as the main economic activities and African slaves replaced Indians to work on sugar plantations.¹

¹ Moya-Pons (1998:chapter 2).

During most of the 17th century, France was at war with Spain, and French troops started to occupy the Western part of the island, introducing tobacco, and importing African slaves to work on tobacco plantations. After many conflicts, a border between the two colonies was agreed in 1731, but the relationships between the two parts of the island were far from peaceful. Most of the 18th century was spent in battles between the French and Spanish authorities claiming sovereignty over the whole island.² In 1821, the Republic of Haiti was created in the Western part of the country, inspired by the ideas of the French Revolution including private property rights and abolition of slavery. Haiti immediately set out to occupy the Eastern part of the island, still under a feudal land structure and slavery, so that slavery could be abolished and land redistributed to the freed slaves on the whole island.³ Haiti occupied the Eastern part of the island until 1844, expropriated the land of the Catholic Church (redistributing the land lost would later be a powerful instrument of Trujillo's propaganda), and tried to introduce a regime of private property rights where each farmer would have his own land. Such a regime of land tenure severely affected the landowners of large properties in the Eastern part since they would have to divide their lands. As a consequence, the Eastern part of the island, small farmers and large landowners alike, rebelled against Haiti's land reforms, and declared independence in 1844, forming the Dominican Republic.

Pablo Duarte, a liberal merchant, became the first ruler of the Dominican Republic. But as a result of opposition among his own followers, he was soon overthrown. Between 1844 and 1899, more than 12 leaders were overthrown through

² See Moya-Pons (1998:chapters 3-6) for an analysis of the complex relationships between the two neighbours.

³ The Western part of the island adopted a system of land tenure based on private ownership guaranteed by titles issued by the state. In contrast, in the Eastern part of the island, the dominant system of land tenure was that of communal lands where land was simultaneously owned and used by multiple owners. [Moya-Pons (1998:124)]

armed revolts, and the country had more than 21 governments in 30 years.⁴ After a failed attempt to annex the Dominican Republic to the U.S. in 1871 (the U.S. Senate rejected the proposition of annexation), a liberal government led by a merchant came to power in 1880. The liberal government, like the one of Costa Rica at the time, attempted to introduce liberal reforms such as the creation of new schools and education for democracy. These liberal policy attempts were initiated by the inhabitants of the Cibao valley, a fertile valley in the North of the island, which mainly grew tobacco. As wealth was more equally distributed in the small-scale tobacco plantations in the North than in the large-scale sugar plantations of the South, the North of the country was more receptive to liberal ideas of equality and freedom than in the South where a small number of landowners controlled wealth and political power.⁵

But as the tobacco industry declined (Dominican tobacco was rejected by European markets because of its poor quality to the benefit of Cuban tobacco of better quality), the Dominican Republic turned to sugar as the main export good. The successive governments of the 1870-1900 period all introduced policies promoting the expansion of sugar industry. For example, they implemented economic laws that would allocate state lands to whoever wanted to have export cultures, and offered tax exemptions to people who wanted to cultivate sugar, cocoa, coffee and bananas at large scale and who needed to import manufactured goods for investments. There was a sugar cane revolution, and exports rose from 1,100 tons in 1877 to 20,263 tons in 1884.⁶

As a consequence of these economic policies, landowners began to sell their lands, attracted by the high wages of the sugar cane industry. The liberal government's principal intellectual of the time, Pedro Francisco Bonó, warned the government that its initiatives aiming at favouring the large-scale production of sugar would severely impoverish the population in the long run by transforming the rural population into a rural

⁴ Hartlyn (1998:36). See also Espinal and Harllyn (1999) for the Dominican Republic's turbulent political history.

⁵ Moya-Pons (1998:258).

⁶ Moya-Pons (1999).

proletariat. Instead of being a country of small independent farmers relying on subsistence agriculture, the country would be divided between large landowners with great amounts of capital and a mass of rural proletarians vulnerable to the fluctuations of the international sugar markets. These initiatives aimed at promoting sugar cane industry would undermine the prospects of the Dominican Republic of being a nation committed to equality and freedom. But the government did not follow his advice.⁷ The government's decision to promote sugar cane production seriously weakened the prospects for liberal democratic ideas to prosper.

The long history of political struggles and instability, and the government's economic policies, thus did not lay down the economic conditions for a liberal democracy to emerge. The choice of the Dominican Republic in mid-19th century to commit its economy essentially to the production of sugar, concentrating the production in the hands of a few landowners, did not favour the emergence of a political elite committed to the industrialisation and progress of the country through promoting education, or committed to liberal ideas of freedom and Church and State separation, unlike the Costa Rican political elite. As a consequence the liberal democratic government of 1880 was short lived. A member of that liberal government abolished the Constitution in 1882, and the Dominican Republic saw its first dictatorship, that of Ulises Heureaux, until his assassination in 1899.

Because the population was largely rural and illiterate, and because the government was unable to implement liberal policies, given the feudal character of the productive system and the consequent dearth of economic elites committed to liberal capitalism, the loyalty of Dominicans to their government depended on a system of personal connections, making Dominican politics a political system based on personalism and *caudillismo* since the Dominican Republic's independence.⁸

⁷ Moya-Pons (1998:261, 1999:11-22).

⁸ Moya-Pons (1998:220).

Sen's capability approach to development saw the exercise of individual agency as central to address deprivations of human freedoms. However, although intellectuals like Pedro Francisco Bonó had the individual agency to promote policies guaranteeing freedom and equality, there was no socio-historical receptive ground to receive that agency. There was no adequate structure of living together to support his liberal ideas. This illustrates that individual agency needs to rest upon an adequate socio-historical ground in order to lead effectively to the removal of unfreedoms. The outcome of the appropriation/socio-historical reality dialectic of the Dominican Republic contrasts in that sense with the outcome in 19th century Costa Rica. Even though Costa Rica also had its political turbulence – one third of the period between 1824 and 1905 was under military rule – liberal ideas could successfully penetrate the country because there was adequate supportive ground among the local elite, which was sufficiently compact and homogeneous and focused around certain key liberal intellectual ideas.⁹ This weakness of economic elites, and the highly unstable political scene, made a successful appropriation of the socio-historical reality even more difficult for the Dominican Republic especially when combined with the hegemonic presence of a foreign power, the United States, over its commercial and political activities.

After the dictator's assassination in 1899, the Dominican Republic was in a state of economic collapse. It had contracted many debts with the U.S. and European powers. In 1904, the U.S. took control of the Dominican customs in order to distribute revenues among the creditors. However, in the light of the continuous political instability, the U.S. sent its marines in 1916 and occupied the country. The reason for the U.S. occupation was not so much its commercial interests in the country as its geo-strategic position. Germany was trying to take over territories in the Caribbean, and as some Dominican rulers had been pro-German, the U.S. wanted to avoid a German presence so close to

⁹ Itzigsohn (2000:37).

their territories. Also, the U.S. wanted to control the sea-lanes around the Panama Canal.¹⁰

While the U.S. controlled the country, war was raging in Europe, which led to a considerable rise in the price of sugar, and thus led to a time of economic prosperity. This prosperity enabled the U.S. military government to conduct public works and to organize a national primary public school system. From 1917 to 1920, the military government constructed several hundred schools in the cities and in the countryside. The number of students enrolled rose from some 20,000 in 1916, to over 100,000 in 1920.¹¹

The U.S. decided to end the occupation in 1924, and to adopt a policy of non-interventionism provided that free elections would be held. The Dominican reality now became open for a democratic regime to take place, a regime that would enable people to exercise their political freedom so that their needs could be heard and unfreedoms removed. However, the structures of living together that the U.S. had been building during its occupation were not conducive to such a government. The U.S. military occupation greatly improved communications between Dominican cities around the capital city, and by doing so introduced a conception of “good governance” measured in terms of the construction of public works that the government accomplished – something that still bears its mark today as the epigraph at the beginning of this chapter testifies. The U.S. also disarmed the population and introduced a national official army alongside a new centralized police power as part of its stabilization plan to avoid the likelihood of scattered armed forces seizing political power. As a consequence, whoever controlled the National Policy could control the whole country.¹² Unintentionally, the decision of the U.S. to occupy the country actually laid down the foundations for the Trujillo dictatorship by centralizing power in the capital city of Santo Domingo, forming a national army, and disarming the population.

¹⁰ Hartlyn (1998).

¹¹ Moya-Pons (1998:326).

¹² Moya-Pons (1998:336-7).

In 1924, a President was democratically elected for 4 years but the Dominican political caudillo mentality was kept intact and politics continued to be viewed primarily as a means of satisfying personal ambitions. For example, as soon as he was elected, the President sought to extend his presidential mandate to 6 years.¹³ Meanwhile Rafael Trujillo joined the National Police in 1917 as a minor officer, and by 1930, he was made the chief of the army. During his ascent to military power, Trujillo amassed a personal fortune through shady businesses in the purchase of military food and equipment. He made the army his private business as well as his personal military machinery to serve his political ambitions. In the 1930 elections, Trujillo and one of his followers were the only candidates, as all opposition was eliminated by fear. Trujillo was proclaimed President of the Republic, and the other candidate vice-president. Although the U.S. showed dissatisfaction with the election of Trujillo, they accepted him on the justification “that they preferred him as a guarantor of political stability and as a better alternative to revolution.”¹⁴

After coming to power, Trujillo began a strategy of concentration of personal power and state building, initiating propaganda machinery based on the ideas of nationalism, progress and order. Trujillo proclaimed himself the “Father of the New Fatherland.”¹⁵ Such discourses on progress and order were welcomed given the overall context of poverty and the turbulent political history of the country. Trujillo began to transform a large part of the economy into state monopolies, by forcing the owners of companies to sell him shares. For example, he passed a law prohibiting the traditional production of sea salt so that the public would have to consume salt from his own mines. The salt monopoly was followed by a meat monopoly then by milk, bank and insurance monopolies. In 1934, Trujillo was re-elected after abolishing all opposition parties. The

¹³ Moya-Pons (1998:436).

¹⁴ Moya-Pons (1998:356).

¹⁵ Moya-Pons (1998:360).

socio-economic elite could not oppose such a concentration of power because they were too fragmented and weakly organized, especially in the context of a strong repressive state apparatus. The military, alongside the Catholic Church, were the only well organized institutional bodies and were Trujillo's main allies –Trujillo had won the sympathy of the Catholic Church through large compensations for the losses of the Church during the Haitian occupation.

Trujillo's regime first came under international pressure after a massive massacre of Haitians in 1937 – Trujillo ordered the massacre of all Haitians on Dominican soil and it is estimated that about 18,000 people were killed.¹⁶ Trujillo had to resign as a consequence of the massacre, and the country was governed by his vice-president. In 1942, Trujillo was however re-elected in elections which actually presented two parties with exactly the same lists. After the end of the Second World War, international pressures for democratisation were attempted but they were aborted in the Cold War context, given the fear that a democratic regime, in a context of widespread poverty, would be communist prone. Trujillo benefited from considerable international support (especially from the U.S.) because of his strong anti-communism.¹⁷

Trujillo transformed the economic structure of the country by his import-substitution strategies. From 1938 to 1960, the number of manufacturing establishments almost doubled. The number of workers and employees grew almost 2.5 times. By 1960, Trujillo controlled almost 80% of the country's industrial production. About 60% of the country's labour force depended directly or indirectly on him, 45% of the active population were employed in his firms, and 15% working for the state, so that 60% of the Dominican population was directly economically dependent on the Trujillo government.¹⁸ Electricity was state-owned, as well as the banking system. And Trujillo's personal industrial complex ranged from cement industries, to chocolate, beverages, milk, coffee

¹⁶ Moya-Pons (1998:368).

¹⁷ Hartlyn (1998:42-5).

¹⁸ Hartlyn (1998:50), Moya-Pons (1998:363-5).

or textiles. During Trujillo's regime, the military budget grew from a 9.4 % share of the total government budget in 1929 to a 16 % share in 1938, rising to 26.4% in 1959, and supplemented by a 9.6% share for the police. This meant that, by the end of the 1950s, one third of public resources were allocated to the military.¹⁹ Despite this heavy weight of the military budget, and despite the transformation of the Dominican state into Trujillo's private business for the sake of increasing his personal wealth,²⁰ some considerable progress were made in improving educational achievements. The illiteracy rate was more than halved during Trujillo's regime, it went from 74.2% in 1930 to 35.5% in 1960 (table 7.1). The educational system was expanded however more for the sake of strengthening the image of Trujillo as saviour of the nation than for the sake of improving the population's educational conditions. Textbooks, along with many poems and songs performed in schools, were written that sense.²¹ Trujillo stayed in power until his assassination in 1961 by a conspiracy organized by a group of Trujillo's collaborators linked to his industries, and backed by the U.S. who feared that Trujillo might be overthrown by a communist guerrilla like Batista in Cuba.

Unlike Costa Rica, the outcome of the appropriation/socio-historical reality dialectic did not provide an adequate background against which Dominicans would participate in the life of the political community in a way that would expand human freedoms. For example, even if a Dominican leader emerged with a similar personality to that of a Costa Rican Figueres, equipped with the necessary level of social commitment (recall that Figueres also came to power in 1948 after a civil war and not through direct electoral means), given the structure of the Dominican Republic's socio-historical agency in 1960, such a leader would not have been able to appropriate the Dominican reality the same way that a Costa Rican Figueres did. Interestingly, such a Figueres type of

¹⁹ Hartlyn (1998:46).

²⁰ For example, at Trujillo's death, his family had about \$300 million in accounts outside the country. [Moya-Pons (1998:375)]

²¹ Moya-Pons (1998:376).

Dominican leader did come to power after Trujillo's death, but given the weight of the Dominican political history, the leader could not appropriate the Dominican reality in a way that would set the Dominican Republic on the same social development path as that of Costa Rica in 1948.

2. The difficult transition to democracy

Under pressure from the U.S., free elections were held in 1962, and the opposition party to Trujillo, the *Partido Revolucionario Dominicano* (PRD) led by Juan Bosch, a previous political exile, won. Bosch could be seen as a progressive social-democratic politician who had a very similar vision to that of Costa Rica's Figueres.²² He campaigned with a discourse that affirmed that the key division in the Dominican Republic was not between trujillistas and anti-trujillistas, but between rich and poor. All seemed to indicate that, at last, opportunities were now open for the Dominican Republic to take the path of a social democratic government *à la* Costa Rica. However, the outcome of the appropriation/socio-historical reality dialectic did not provide a favourable background. The Dominican civil and military elites feared that Bosch's reformist programme would threaten their interests and privileges. And unlike Figueres's reforms, Bosch's intended reforms took place in the context of the Cold War. His government was soon accused of being infiltrated by communists (especially as he legalized the Communist Party and other leftist groups), and his reformist government soon attracted not only the opposition of the civil and military elite, but also of the anti-communist Catholic Church. Given that poor people lacked political organizations, and given the strong anti-communist ideological world context, Bosch could not find a sufficient supportive background to overcome the opposition. Although Bosch had the individual agency to implement policies that would counteract deep afflictions, to paraphrase Sen, he did not have the socio-historical agency to do.

²² Itzigsohn (2000:40).

The alliance that a Calderón type of leader made between the Church and the communists to implement his social reforms was not possible in that different socio-historical reality, and it was not made possible either given the country's legacy. After 7 months, Bosch's government was overthrown by a military coup planned by merchants, industrialists, landowners and the Catholic Church, which installed a businessman as ruler. Although the U.S. wanted free elections in 1962, they let the military coup happen because Bosch was too friendly towards the left. From 1961 to 1965, 14 governments governed the Dominican Republic. In 1965, a military coup led by pro-Bosch factions brought the country into a state of civil war. Prompted by the fear of having a second Cuba in the region, U.S. troops invaded the country, installed a provisional government and imposed new elections.

The opportunity to take a democratic path was missed in 1924, and missed again in 1961. Conspiracy and violence were the only ways through which political power had been gained since the country's independence in 1844, and the country lacked institutional support for individual people to play the rules of the democratic game. Could the opportunity for democracy this time be seized through the free elections imposed by the U.S. in 1966?

In 1966, Joaquín Balaguer, Trujillo's closest political collaborator, was elected, after he had discouraged all opposition parties from taking part in the elections. But while Trujillo used the military as his own personal power, and while he concentrated public expenditures towards increasing his own personal wealth and power, Balaguer was less concerned with building personal wealth than building personal national glory. He essentially oriented public expenditures towards public works and construction. Balaguer was popular among the poor and elites alike. He won the favours of the poor in rural areas through his clientelism and public works policy,²³ and he won the favours of

²³ For example, after Trujillo's death in 1961, Balaguer distributed hundreds of tricycles to street vendors, and gave bicycles and money to thousands of Dominicans. In the 1980s, through the figure of his sister, Balaguer

businesses through his tax exemption policies. Like Trujillo, Balaguer governed the country in an authoritarian way,²⁴ and like him, Balaguer built the legitimacy of his regime on an ideology of economic growth, peace and order, three things that the country had known so little outside the regimes of dictators.

The Dominican structures of living together however began to change, especially in response to the changing international scene. At the end of the 1970s, the U.S. administration led by Carter was sensitive to human rights issues and put considerable pressure on the Dominican Republic to hold honest elections including opposition parties. In 1978, elections took place, Balaguer lost and the leader of the PRD opposition party, Antonio Guzmán, came to power. This was the first time in the Dominican political history that a leader was peacefully elected, and an opposition party took office. Balaguer wanted to retain power through the military, but this time, unlike in 1930, international pressures in favour of democracy had grown, and Balaguer was unable to regain power in this way.

Could the democratic road that could not have been seized in 1965 now at last be taken in this new reality, characterized by an international environment more favourable to the respect of human rights, and by a Dominican Republic endowed with a more democratic institutional basis? Opposition was now fully in place, and some groups, especially the economic elites, were organized to articulate their demands. But despite these more favourable conditions, the historical legacy of a centralized power was such that, when Guzmán was in power, some 37 immediate family members were appointed to high government posts, leading some to assert that instead of Balaguer's personal

launched a "Crusade of Love", aiming at winning the support of popular groups through clientelistic practices. [Lozano (2002)].

²⁴ See for example Espinal (1994) and Espinal and Hartlyn (1999) for a discussion of Balaguer's authoritarianism.

government, the country now had Guzmán's family government.²⁵ Guzmán committed suicide at the end of his term for a mixture of personal and political reasons.

In 1982, another member of the PRD was elected, Jorge Blanco. His government, like the Costa Rican government of the time, had to face a very harsh international economic environment. The country implemented IMF stabilisation programmes. There was a sharp devaluation, which led to large price increases, a deep economic recession and massive social protests. Attempts were made to increase the tax revenue in order to offset the social costs of adjustment policies, but the Dominican business sector refused any change in taxation. And instead of setting safety nets in place to protect the most vulnerable from the costs of adjustment policies, the Dominican government violently repressed social protests which ended up in bloodshed. The social riots of April 1984 claimed more than 100 deaths. This event heavily discredited the PRD government, since human rights was supposed to be one of the key areas in which the PRD distinguished itself from Balaguer's authoritarian government.²⁶

Given the PRD failure to deal adequately with the economic crisis, Balaguer regained power in 1986, and governed the country like he had before. For example, in June 1988, when labour unions called for a general strike to protest against the economic policies and to demand wage indexation and an improvement of public services, Balaguer sent the army into the streets, killed 4 people and arrested more than 3,000.²⁷ In 1990 and 1994, Balaguer was re-elected through fraudulent elections and clientelistic practices.

The Dominican history of political struggles did not lay down favourable conditions under which political participation could be conducive to the removal of unfreedoms. While favourable conditions were laid down in Costa Rica in the 19th

²⁵ Hartlyn (1998:160).

²⁶ Hartlyn (1998:160-1).

²⁷ Moya-Pons (1998:435).

century, which determined Costa Rica’s future social development, the political turbulence of the Dominican Republic made progress in human freedoms more difficult. In a comparative perspective, while Costa Rica has succeeded in reducing illiteracy rate by 37.6 percentage points between 1900 and 1940, the Dominican Republic reduced its illiteracy rate by only 1.2 percentage points during that same period (table 7.1.). The political stability ensured by Trujillo’s dictatorship, and the building of an ideological apparatus around his figure as saviour of the nation, of which schools were an important instrument of propaganda, nonetheless allowed the country to reduce its illiteracy by 34.1 percentage points during the 1940-1960 period. In relative terms however, the rate of reduction in Costa Rica was always higher than in the Dominican Republic except for the 1950s. The political turbulence of the 1960s reduced the reduction of illiteracy by more than five times (from a 37.8% decrease during the 1950s to a 7.3% decrease during the 1960s).

Table 7.1: Illiteracy rate (percent of adult population)

	1900	1920	1930	1940	1950	1960	1970	1980	1990	2000
Costa Rica	64.4	42.5	33.0	26.8	20.6	17.1	12.9	8.3	6.1	4.4
- reduction rate (%)	-	-34.0	-22.3	-18.8	-23.1	-17.0	-24.6	-35.6	-26.5	-50.0
Dom. Rep.	-	70.8	74.2	69.6	57.1	35.5	32.9	26.1	20.6	16.4
- reduction rate (%)	-	-	+4.8	-6.2	-18.0	-37.8	-7.3	-20.6	-21.0	-37.1

Source: OxLAD (2002)

In terms of progresses in life expectancy, the Dominican Republic fared slightly better than Costa Rica from the 1940s onwards, but starting from a lower basis and staying lower. While Costa Ricans had a life expectancy of 10 years more than Dominicans in 1920, they were still expected to live 9 years longer than Dominicans in 1999. And given the low records in other health related social indicators in the Dominican Republic, such as infant mortality rates which decreased at a faster pace in Costa Rica than in the Dominican Republic except for the period 1975-80 (table 7.3.),²⁸ it can be argued that the higher progress in increases in life expectancy are more due to the

²⁸ One has to be careful with the accuracy of the Dominican data. As has been underlined in the fifth chapter, data in the Dominican Republic vary considerably according to different sources. Official data may considerable underestimate the social reality.

significantly lower basis at which the Dominican Republic started at the beginning of this century and to medical progresses than to the direct consequences of more efficient government health policies.

Table 7.2: Life expectancy

	1920	1940	1950	1960	1970	1980	1990	1995	1999
Costa Rica	36.8	48.7	55.5	61.6	66.9	72.4	75.8	76.6	76.4
-Increase (in years)	-	11.9	6.8	6.1	5.3	5.5	3.4	0.8	-0.2
DomRep	26.1	34	43.7	51.8	58.4	63.8	68.9	70.3	67.1
-Increase (in years)	-	7.9	9.7	8.1	6.6	5.4	5.1	1.4	3.2

Source: OxLAD (2002)

Table 7.3: Infant mortality (under 5)

	1960-65	1965-70	1970-75	1975-80
Costa Rica	80	63	50	45
- reduction rate (%)	-	-21.3	-20.6	-10
Dom. Rep.	110	97	83	74
- reduction rate (%)	-	-11.8	-14.4	-10.8

Source: CEPAL (1980)

Another area where the outcome of the appropriation/socio-historical reality dialectic has affected both countries differently is in the use of public resources. While the fiscal burden in the Dominican Republic is higher for some years than in Costa Rica, for example in 1960 and 1975, the tax burden was slightly higher in the Dominican Republic (table 7.4. and 6.2.), and while both countries share a low proportion of direct taxes and high proportion of indirect taxes as a share of total fiscal revenues, the way these revenues has been spent differs strikingly. In 1970 for example, while Costa Rica spent 4.9% of its GDP on education, and up to 6.9% in 1980, this proportion in the Dominican Republic only amounted to 2.6% and 1.6% respectively.²⁹

Table 7.4: Dominican Republic's government revenues

	1960	1970	1973	1974	1975	1976
Fiscal burden (% of GDP)	16.5	14.4	13.4	14.4	16.1	13.3
Indirect taxes (percentage of tax revenues)	38.1	24.8	21.5	18.9	18.1	38.1
Direct taxes (percentage of tax revenues)	23.7	25.2	26.3	26.4	24.4	26.7
Taxes on external trade (percentage of tax revenues)	38.1	49.8	52.0	54.5	57.3	48.6

Source: CEPAL (1980)

²⁹ OxLAD (2002).

As highlighted in the previous chapter, the appropriation/socio-historical reality dialectic movement is not mechanistic. Although it depends heavily on the inherited outcome of the past dialectic, it is also vulnerable to external modifications in the country's reality. The next section examines the consequences of that inherited outcome, and to what extent the course of development policies in the Dominican Republic can escape from what appears to be the consequences of the weight of its history.

3. The legacy for contemporary development policy-making

Balaguer resigned at 88 years old in 1996 due to his old age. The 1996 elections were the first since 1962 in which neither Balaguer nor Bosch were candidates. Basically, two political figures, Trujillo and Balaguer, dominated the Dominican political scene of the 20th century. The latter ruled the country for 31 years, the former for 22 years. Even though the country officially embarked on the path of democratic transition in 1961, each government perpetuated the political culture inherited from the previous government, namely one that closely identified the government with the personal figure of the President. And this legacy is still strong in contemporary Dominican political life. As a French journalist commented, "The President often speaks in the first person 'I do this, I will do that, I speak, etc. The state is I, the president.'"³⁰

The President is expected to help the people that have supported him and to be a good father who directly responds to their personal demands. In 2001, according to a political survey, 86 % of Dominicans identified the role of a good president with a paternalistic figure that ought to solve the problems that directly affect their lives.³¹ The identification of the government with the person of the president lends itself to clientelistic practices. The president is expected to deliver goods directly and personally, and not in an institutional way through for example government ministries. For example,

³⁰ Personal communication from Jean-Michel Caroit (correspondent of *Le Monde* to Haiti, Dominican Republic and Venezuela).

³¹ Brea and Duarte (2002:26).

the following words, “The President, Hipólito Mejía, meets his promise,” often accompany public works. The extract of the Presidential discourse at the National Assembly at the beginning of this chapter is symptomatic of how the role of the President is perceived by the citizens. In that same presidential discourse, no less than 46 personal names of people who helped the President’s party were mentioned in the ten first pages of the discourse. As the World Bank country director summarizes it: “Dominicans expect the President to be a dux. In discourse, ‘participation’ applies. In practice, the president is expected to deliver goods directly, not even through its ministries. 25% of the national budget is controlled by the presidency (it used to be 50% in the past). If someone asks for a road reparation, it is the president who is expected to do the job. For example, the road from the airport to the city is built by the office of the Presidency which is supposed to supervise public works and not to do the building. There is no notion of democracy as an instrument to build dialogue. It is not a political dialogue conducive to agreement, but conducive to a relationship citizen-president and what the president can do directly for me. This is due to the inheritance of the dictatorship of Trujillo-Balaguer: the president should not listen but do things for the people who have supported him.” And he concluded, “The Dominican Republic is the most centralised state I have ever seen.”³²

The table below illustrates the high proportion of the government budget that the President directly and personally controls.

Table 7.5: Public expenditures by institution (as percentage of public expenditures)

	1980-85	1986-90	1991-96	1997	1998
Finance	16.8	12.5	15.6	22.1	23.6
Presidency	15.6	47.6	52.3	37.8	21.5
Education	12.5	7.7	7.9	10.6	13.8
Public health and social assistance	8.7	6.2	5.7	7.1	9.1
Agriculture	13	6.3	3.5	4.1	7.6
Interior and Police	7.2	5.5	4.9	6.5	6.7
Armed Forces	11.1	6.6	5.3	6.2	6.2
Public works and communication	10.3	4.2	1.7	1.1	5.1

Source: World Bank (2000)

³² Personal communication from Marco Montovanelli (World Bank resident country director to the Dominican Republic).

In 1998, the President still controlled 20% of total public expenditures. This is obviously an improvement compared with the Balaguer presidency (1986-96) when the expenditures made directly by the President accounted for about a half of the total government budget expenditures. But still, in 1998, the share of total expenditures that the President directly controlled was more than double the share controlled by the Health ministry, and one and a half times the share controlled by the Education ministry.

Although the political culture is changing, and the share of public expenditures controlled by Presidency has been halved in the two years following Balaguer's resignation, clientelistic practices remain, given their capacity to adapt themselves to democratic regimes.³³ Clientelism survives as long as it is what the electorate, masses and elites alike, expects from their government. Even if the government has been democratically elected, the government does not consider the electorate as citizens but as clients, and the members of the electorate do not consider themselves as members of the institution of the State but as clients. The Dominican State could almost be compared to the backyard garden of a caudillo that governs the state like an extended family, or to a shopkeeper who governs the *res pública* like his own shop.³⁴ The State is not seen as a responsible institution that regards each citizen as equal, but citizens are regarded as competitive clients that are trying to win the favour of the leader. As a consequence, "many members of the society develop strategies to get a little corner of the State power and the protection of the caudillo, from which they will use the State for personal ends. The State is then considered as a means of personal enrichment and a means of survival for many who cannot get employment."³⁵ This entails that people will show little sense of collective responsibility and little concern for searching for innovative solutions to problems.³⁶

³³ Lozano (2002).

³⁴ Oviedo (2001:22).

³⁵ Oviedo (2001:19).

³⁶ Latorre (1995:28).

It is the Dominican Constitution itself, in its article 55, created in the 19th century, which establishes the basis for a highly centralised state structure and a high degree of personalisation in the exercise of power.³⁷ This particular article endows the President with considerable discretionary power, and makes it possible for him to allocate resources to his clientele with impunity. This discretionary power of the President is ensured by the existence of a special budgetary account, for which no accountability is required, and which the President can dispose of as he wishes without any oversight by Congress. This account is essentially supplied by the surplus budgets resulting from failure to implement programmes of the various ministries. This gives a large incentive for ministers and their civil servants who wish to win the President's favour to approve projects but not execute them, or alternatively, to undervalue expenditures so that a high proportion of the budget and expenditure is not officially carried out.³⁸

In 2002, the Dominican state does not seem to be governed in a very different way from how it has been governed since its independence in 1844. The government may be democratic with for example free elections, opposition parties, free press and an active associative life, but *caudillismo* and clientelistic mentalities are deeply alive. *Caudillismo* in the Dominican Republic survives in the presence of a vigorous associative life, with trade unions, entrepreneurial organizations, newspapers, publishing houses, radios, televisions. This co-existence of *caudillismo* and a strong associative life is made possible by the fact that the associative life itself, and not only the political life, is permeated by *caudillismo*.³⁹

³⁷ Oviedo (1999, 2001).

³⁸ Alemán (1999).

³⁹ Moya-Pons (1998:436). These organizations do not only reproduce clientelism and personalism of the State, but they are also small and poorly organized. See for example Espinal (1998, 2001) for a discussion about business and civil society organisations and why these have not been able to act as agents of political change.

The outcome of the appropriation/socio-historical reality dialectic thus continues to bear its mark on the way Dominicans participate in the life of the community. It similarly affected the way the Dominican Republic reacted to the debt crisis of the 1980s. The Dominican's republic external debt amounted to nearly three quarters of the country's GDP at the end of the 1980s (table 7.6), and public expenditures on servicing the external debt, as a percentage of GDP, was almost 9 times the amount spent on education and health (tables 5.10 and 5.11).

Table 7.6: External debt (as percentage of GDP)

	1981-85	1986-90	1991-95	1996-2000
External debt	64.7	72.2	33.0	18.6
External debt service	7.5	9.2	4.2	2.6

Source: Young et al. (2001)

But the Dominican Republic did not try to solve its debt crisis with a concern for people's well-being. In contrast, the Dominican Republic found a solution to its debt crisis through an economic stabilization plan directly agreed between International Finance Institutions and the president of the time, Balaguer. After having bloodily repressed social protests in 1988, Balaguer introduced harsh budgetary measures in 1990. He raised the prices of petroleum products, removed food subsidies, modified the income tax, raised VAT from 6 to 8%, and strongly restricted government expenditures. These measures allowed government tax revenues to rise by nearly 3.5% of GDP between 1990-92, and allowed the public sector balance to pass from a deficit of 6.5% of GDP in the 1980s to a quasi balance in 1992 (table 7.7). These austerity measures were accompanied by measures favouring competition in markets, promoting efficiency in financial markets, and eliminating trade barriers, setting the Dominican Republic on its remarkable economic growth path in the 1990s.⁴⁰

Table 7.7: Central government's revenues (as percentage of GDP)

	1980-89	1990	1992	1994	1996	1998	2000
Total tax revenue	11.4	10.3	13.7	13.6	12.9	15.0	15.9
Overall balance of public sector	-6.5	-3.4	-0.1	-3.6	-2.2	-2.4	-2.5

Source: Young et al. (2001)

⁴⁰ Young et al. (2001).

Although the Dominican Republic shows a similar tax structure with that of Costa Rica, characterised by a large share of consumption taxes in total fiscal revenues (tables 6.9 and 7.8), and although the Dominican Republic shows even a higher fiscal burden in percentage of GDP than Costa Rica (for example the fiscal burden in Costa Rica only amounted to 12.5% of GDP in 2001), the difference in their structure of socio-historical agency leads to different expectations from the government. In the Dominican Republic, the fairly regressive character of government revenue with its high proportion of indirect taxation as share of total revenues, is not offset by the progressive character of public spending where a large proportion of the government budget is spend on priority areas such as health and education, as it is the case in Costa Rica.

Table 7.8: Tax revenues by source (in percentage of total tax revenues)

	1990	1992	1994	1996	1998	2000
Taxes on income and profits	25.6	17.8	17.1	19.5	21.3	23.4
Taxes on goods and services	33.3	43.5	49.2	49.8	48	37
Taxes on international trade	39.4	34.4	32.4	29.4	28.6	36.2
Others	1.7	4.3	1.3	1.3	2.1	3.4

Source: Young et al. (2001)

While Costa Ricans expect their government to tackle poverty (but not themselves), Dominicans do not expect their governments to take responsibility for caring for the less privileged through socially progressive expenditures. They expect to get personal benefits from their government, and expect it to perpetrate clientelistic practices. As a consequence, their expectations generate the structural conditions that support the fulfilment of these expectations. Namely, they generate structural conditions which reinforce the low public spending in priority areas, and which reinforce a clientelistic political culture in which Dominicans do not see the government as the guarantor of the population’s well-being.

Given the shortcomings of the government in securing people’s well-being, those who find themselves in the poorest income groups are trapped in a low education status, since they are confined to public schools of bad quality, while those in high income

groups are able to afford private education of good quality. This entails a lower opportunity not only to earn a decent income, but also to be empowered to claim one's needs. As the literature in deliberative democracy has highlighted, the exercise of political freedom and the participation in the life of the community requires cognitive and communicative skills. Citizens need to be endowed with a minimum level of political functioning, and the poor quality of the public education system does not help to build an adequate level of political functioning that poor people need in order to claim their needs and participate in the life of the community on an equal footing with high income groups. For example, when asked about the reasons why the adopted social security reform (based on an individualised capitalisation scheme rather than a pay-as-you-go system) has been entirely guided by the interests of the entrepreneurial class, and most specifically by the interests of the financial sector, the ex-president answered: "The poor do not have a strategic vision for the future, they are not able to articulate their demands in a coherent way. The entrepreneurial class, on the contrary, has the ability to pay consultants that will ensure they have a good strategic vision that will promote their interests. And decisions are made on the basis of those who can best articulate their demands."⁴¹

The clientelistic political culture leads to power inequalities that reinforce the difficulty of undertaking action towards the removal of unfreedoms. The rich, by having a greater capacity to be politically organized, are more powerful in representing their interests than the poor who lack the cognitive and communicative capacity to be politically organized and represent their interests. As a Dominican social scientist put it: "Poor people do not have the power to influence policies, and with elites who are not committed to social justice, all the ingredients are there for very weak poverty-reduction policies. Organisations of different stages (from the bottom, e.g. at the level of the *barrio*, to the top that deals with the political power) are non-existent for poor people, but they exist for business (and indeed the business organisation, CONEP, is the most powerful

⁴¹ Personal communication from Leonel Fernández (President of the Dominican Republic for the 1996-2000 period).

organisation in the country). For example, in the social security reforms, poor have not been included in the debate because they are in a structure of exclusion.”⁴²

This repeated inability of the government to generate the necessary policy actions towards the enhancement of human well-being gives rise to what has been called a “culture of poverty”.⁴³ The culture of poverty refers to a cultural pattern linked to a fatalistic vision of life that imprisons the poor in their situation of poverty. This pattern carries feelings of disrespect and humiliation, which degenerate to a lack of self-esteem. “I am poor, hence I am not able to do anything. And I am not able to do anything because I am poor.”⁴⁴ “The problem of poverty is not so much a lack of things, but humiliation, the feeling of being nobody and the fatalism that arose from them being poor.”⁴⁵ The poor person experiences being poor as being a nobody in the eyes of the society, he or she does not believe in himself and experiences a lack of confidence in the future and a lack of hope that the situation will ever change. This fatalism renders the search for structural solutions to structural problems very difficult. The search for individual solutions to poverty prevails, either through clientelism or migration (it is estimated that about 2 millions Dominicans live in the United States). For example, in 1998, more than 19% of poor Dominican families received money from abroad, and international remittances constituted half of a poor household’s incomes in 1998.

Table 7.9: International Remittances in 1998

	Recipients (% of households)	Share of recipient’s income
Poor	19.3	47.6
Non-Poor	19.5	24.9
Total	19.4	31.9

Source: World Bank (2001)

⁴² Personal communication from Ramonina Brea (Dominican sociologist).
⁴³ Cela (1997). This term has however to be used carefully as it has served to explain poverty in terms of cultural factors alone. See for example Lewis (1968).
⁴⁴ Personal communication from Jorge Cela (Dominican anthropologist).
⁴⁵ Personal communication from José Luis Alemán (Dominican economist).

A political survey well summarises the prevailing attitudes in the Dominican society, and how the structural problems that the society faces has led to an increase in clientelism/personalism, fatalism and providentialism in the last decade. In only 7 years, the proportion of Dominicans who believe that everything will remain the same even though they would like to change things (fatalism) has risen from 37 in 1994 to 54% in 2001, the proportion of Dominicans who believe that a good president has to be like a father who come to solve problems (paternalism) has risen from 76 to 86%, and the proportion of Dominicans who believe that the problems of the country will be solved only if God intervenes (providentialism) has risen from 63 to 74%.⁴⁶

The weight of history and the important socio-political inequalities generated by the mark that history has left on the government's policies are hence making the exercise of individual agency little conducive to the removal of unfreedoms, contrary to what Sen's capability approach to development assumes. Individual agency does not contribute to increasing the Dominican Republic's collective capability in promoting human freedoms, but contributes instead to maintaining the same structure of socio-historical agency, by perpetuating clientelistic practices, or favouring the escape from the domestic situation for better solutions abroad.

4. The role of socio-historical agency

Table 7.10 summarizes the Dominican Republic's structure of socio-historical agency that this chapter has narrated, illustrating how the appropriation of certain structures of living together throughout history has failed to provide an adequate breeding ground for the exercise of political freedom to be conducive to the removal of unfreedoms. Of particular importance is the encouragement of the production of sugar cane, which led to the emergence of a form of feudal capitalism in which liberal ideas like

⁴⁶ Brea and Duarte (2002).

universal education and a strong separation of Church and State did not emerge. Moreover, in contrast to the Costa Rican Catholic Church, the Dominican Church had never been a pro-poor institution but was instead an ally of the dictatorship. Another important factor that explains the small collective capability of the Dominican Republic to remove unfreedoms was the U.S. intervention in 1916, which (unintentionally) paved the way for Trujillo’s dictatorship, and its consequent authoritarian legacy on the Dominican political culture. The configuration of the Dominican Republic’s structure of socio-historical agency also finds its roots in the Cold War context in which democratisation attempts were made. The social reforms that the democratically elected leader, Juan Bosch, planned to implement in 1962 were aborted because of the strong anti-communist climate and the fear of a second Cuba on the doorsteps of the U.S.

Table 7.10. The Dominican Republic’s structure of socio-historical agency

	Socio-historical reality and characteristic structures of living together	Appropriation of the socio-historical reality (which led to a new socio-historical reality and new characteristic structures of living together)
Pre-1850	Indigenous population, mineral wealth, slavery	<i>Encomiendas</i> , large-scale properties (system of common land tenure)
	- Share of the island with France, permanent war context between two parts of the island - French revolution (abolition of slavery and private property rights), independence of Haiti	Independence from the Western part in protest against the land reforms and the ideas of the French revolution
	Widespread poverty, no strong economic elite linked to politics, feudal structure of land	Leader of the independence movement soon overthrown by internal opposition (there was no sound economic basis for political stability)
1850-1900	- Tobacco plantations in the North, small farmers - Sugar cane plantations in the South, large scale properties	In 1880, attempts at liberal reforms (like these in Costa Rica with the Liberal Laws) emerging from the North
	Decline of tobacco industry	The liberal government promoted the culture of sugar cane
	- <i>Feudal</i> capitalism (unlike the <i>liberal</i> capitalism of Costa Rica) - Rural proletariat, high wages, widespread illiteracy	Liberal government overthrown, first dictatorship (1882-1899): liberal democratic ideas did not find the adequate breeding ground in the country’s long history of political struggles, and in the structure of the economic elites committed to feudal capitalism

1900-1924	- Sugar prices fall, economic crisis - External creditors, geo-political situation	US occupation of the island in 1916
	First World War, sugar prices increase, economic prosperity	US build roads (the island is now unified through a communication network) disarm the population, and create a national army
1924-1961	- Strong national army and population disarmed - Democratic elections in 1924	Trujillo, chief of the army, becomes President through fraudulent elections (given the absence of democratic history in the country)
	- Fragmented economic elites, Church allied with dictatorship - No democratic history, poverty - Cold War context	- Discourses of nationalism, order and progress - Nationalisation of companies - Personal enrichment of the dictator and his relatives - High proportion of government expenditures allocated to the army
1961-1980	- Cuban revolution, fear of communist rebellion - Stronger economic elites given economic development (were aspiring to more democracy)	Trujillo assassinated by his collaborators from the economic elite, support from the U.S. in the fear of a second Cuban revolution
	- Democratic elections in 1962 - Anti-communist world context	- Social democratic reforms aborted, political instability - Second U.S. invasion in 1965
	Democratic elections in 1966	Balaguer comes to power through fraudulent elections, and continues Trujillo's clientelism (by focusing essentially on public works and personal favours to poor and rich alike)
	- Carter administration (pressures for respect of human rights) - Democratic elections in 1978	Balaguer cannot retain power, opposition wins but clientelism prevails as major mode of governing the country
1980-2002	- Severe economic crisis - Powerful economic elite who did not want to contribute to increase the government's revenues	- Adjustment policies, severe cut in social expenditures - Social riots, and bloody repression
	- Democratic elections in 1986 - Economic crisis	Balaguer back in power and introduces drastic liberalisation reforms (under pressure of international financial institutions)
	- High economic growth - Democratic elections in 1996 - International pressures for democratisation	- Less discretionary power of the President, but clientelism prevails as mode of governing the country - Low social spending ratio

Each time the Dominican reality offered some opportunities for political freedom to be exercised in a way that would embark the Dominican Republic on the same social democratic path as Costa Rica, these opportunities could not be appropriated in a fruitful

way, further closing down the possibility for successful appropriation of later socio-historical realities. It was only at the end of the 1970s, with a changing international context emphasising human rights, that an attempt was made to take the socio-democratic path. But that path closely followed the characteristics of previous authoritarian regimes, with, on the one hand, identification of the government with the person of the president and its ensuing clientelistic political culture.

The inability of the Dominican Republic's to promote human freedoms through political freedom is thus to be found in that complex dialectic between its socio-historical reality and the way that reality has been appropriated. For example, the political struggles that the Dominican Republic experienced during its colonial and post-colonial period greatly facilitated the emergence of dictatorships that generated the limited support socially progressive governments received from the population.

The outcome of that appropriation/socio-historical reality dialectic is strongly influencing on contemporary development policy-making, as the previous section illustrated. And it especially affects the background against which Dominicans participate in the life of their political community. The three following examples particularly illustrate how the removal of unfreedoms through the exercise of political freedom in the Dominican Republic bears the social imprint of its long turbulent political history, pointing further the need to thickening the capability approach to development with socio-historical narratives that describe the structure of a country's socio-historical agency.

The Comprehensive Development Framework

In January 1999, the World Bank launched the Comprehensive Development Framework (CDF), which is a new development framework aimed at enhancing participatory policy-making towards poverty reduction, or in other words at enhancing the exercise of political freedom so that unfreedoms can be removed: 'Fundamentally, the

CDF is a means of achieving greater effectiveness in reducing poverty. It puts forward a holistic approach to development, which seeks a better balance in policymaking and implementation by highlighting the interdependence of all elements of development – social, structural, human, governance, environmental, macroeconomic and financial. It emphasises partnerships among governments, donors, civil society, the private sector, and other development actors. The country is in the lead, both “owning” and directing the development agenda.”⁴⁷ Thirteen countries were chosen to be pilot countries in the implementation of this framework. Bolivia and the Dominican Republic were the pilot countries in the LAC region.

The CDF is based on the following four principles:⁴⁸

1. A long-term holistic vision and strategy: interdependence of all elements of development: macro and financial (sound economic and financial framework for sustainable growth), governance (clean government, effective legal and judicial system), social (safety nets and social programs), human (education and knowledge transfer, health and population issues), physical (water and sewerage, energy, roads, transport and telecommunications, environment) and cultural issues. Though the importance of macroeconomic fundamentals is recognised, equal importance is given to the institutional, structural and social underpinnings of a robust economy. CDF recognises that poverty has multiple facets: income, physical security, environmental sustainability, and the ability of poor people to confront their future with confidence.

2. Country ownership of development goals and actions: the country is intended to be in the lead, both owning and directing the development agenda.

3. Strategic partnership among stakeholders: CDF establishes mechanisms to bring people together and build consensus, forges stronger partnerships that allow for strategic selectivity. An effective consultative process will fully engage with a broad range of organisations from both civil society and the private sector, and will be institutionalised.

⁴⁷ World Bank (1999).

⁴⁸ World Bank (1999).

4. Accountability for development results (meeting international development goals).

In preparation for its implementation, a political scientist hired by the World Bank as consultant held various interviews with different segments of the population in August 1998 to see what shape CDF would take in the Dominican Republic.⁴⁹ The preliminary interviews led to the following conclusion.⁵⁰ First, nothing could be done without including the political parties in the discussions. Second, the preliminary interviews reflected five themes that those interviewed perceived as obstacles to the development of the country: social policies to reduce poverty; economic policies for development; state reform; environmental policies; and development of the Haitian border and relationships with Haiti. Third, a university, the *Pontificia Universidad Católica Madre y Maestra* (PUCMM), was identified as the lead institution that would implement the CDF process, because of its previous experience as a mediator in political conflicts.

The PUCMM decided to have roundtables around each theme, including members of the parties that formed the government of the time and members of the opposition, members from academic institutions, unions, businesses and NGO's representatives. The rector of the PUCMM chose the co-ordinators of the roundtables, and these in turn chose the participants of the roundtables.⁵¹ In December 1999, the CDF roundtables led to a common policy reform agenda subscribed to by the three main political parties.⁵²

⁴⁹ In the transcript of the interviews, only politicians, economists and businesspeople appeared (with the exception of a few members of the civil society like trade unionists or members of the Church).

⁵⁰ Personal communication from Marco Montovanelli (World Bank resident country director of the Dominican Republic).

⁵¹ A participant of the roundtable on poverty mentioned that absenteeism was a high.

⁵² PUCMM, *Resultados, Proceso de Concertación sobre prioridades del desarrollo nacional*, December 2000. Each co-ordinator of the roundtable wrote the results of his/her roundtable. The final draft was then discussed among the participants.

However, after the elections in May 2000, a new government came on board and introduced its own agenda, ignoring the actions that the previous government had agreed to undertake. All the people involved in the CDF process that were interviewed were unanimous about the results: the roundtable discussions did not lead to any policy results. Two positive results were nonetheless highlighted. First, due to the leadership and commitment of some participants who were strong enough to adopt the results in the places of power they occupied, some agreements were translated into real actions. For example, the discussions of the roundtable on state reform led to the framing of a law on the decentralisation of public functions, mainly because the head of the State Commission on State Reform participated in the roundtable and took it over at the state level, and also because the law was his personal initiative and idea.⁵³ Second, the CDF roundtables were recognised as a useful exercise of dialogue towards building consensus among conflicting interests.

Unlike the Costa Rican national participation experience, this participatory initiative was imposed by external forces (namely the World Bank), and was not an internal initiative springing from the government in order to build political legitimacy for its actions. Unlike the Costa Rican experience, limited segments of the population participated in the exercise. Levels of absenteeism were high, and participants expressed little motivation.⁵⁴ Although the Costa Rican government also failed to translate the agreements into actions, the nature of the failure especially reflects the different structure of socio-historical agency of these two countries. While in the one case, the government

⁵³ Personal communication from José Oviedo (co-ordinator of the roundtable on state reform). The head of the Commission for the Reform of the State, Tirso Mejía Ricart, confessed that he drafted the law beforehand and took advantage of the CDF roundtable to discuss the law proposal.

⁵⁴ For example, all people involved in the CDF process who were interviewed were quite reluctant to speak about it: "It was something done a long time ago" (this sentence came up in all interviews); "It was just one meeting among many other responsibilities" (the co-ordinator of the poverty roundtable); "I do not remember much, I was the ambassador to Washington when the discussions happened" (the co-ordinator of the economic policies roundtable).

was concerned about political legitimacy and wide participation of the society, in the other, the government was not concerned with the participatory initiative in the first instance, and went on designing its own agenda. The outcome of the appropriation/socio-historical reality dialectic in the Dominican Republic has made the government have very little accountability to its people, and there seems to be very little political mobilization when the government fails to implement policies that will benefit people's well-being, as the next example further illustrates.

Two social reforms

In December 2000, the democratically elected government announced a series of economic measures aimed at reducing the budget deficit by increasing public revenues. This included a programme of fiscal reforms, including an increase in the value-added tax from 8 to 12%, an increase in excise taxes (there is a 120 % tax on beer, a good mainly consumed by the poor) and a broadening of the tax base in order to compensate for a decrease in taxes on international trade introduced to liberalize trade. In order to compensate for the social costs of the fiscal reforms and protect the poor from this higher fiscal burden, the government introduced a "social package" (the "*paquetazo social*") in February 2001. These measures included, among others, an increase in the coverage of the school breakfast program, an increase in the government subsidy to electricity, a day-care centre program in poor areas which would provide nutrition, health and education for small children, a programme to improve standards of living in barrios by improving for example garbage collection, repairing roads and giving access to drinkable water, a price stabilization program, a programme of family subsidy that would give a special welfare card to poor households and with which they could withdraw DR\$300 a month (US\$18), the allocation of a special gas subsidy, and a special programme to improve the living conditions in *bateyes*.⁵⁵

⁵⁵ See World Bank (2001a:77-83) for the details of the different measures included in that programme.

Few measures included in the social package were however implemented. For example, the creation of a promised Transitory Fund of Price Stabilization that would compensate for the price increases of some basic products never saw the day. In the barrios, people have complained that the vans selling basic medicine at low prices only come sporadically, and that the gas subsidy has been eliminated.⁵⁶ The government promised a general gas subsidy that would halve the price of gas from RD\$19 to RD\$8 to replace a partial gas subsidy (there were subsidized prices for those who bought 25 or 50 pound tanks), but while the partial subsidy has been lifted, the general subsidy has not been introduced. The special programme aimed at giving a welfare card to poor households with which they could draw US\$18 a month is much too little to help people out of poverty, and second it has not been implemented.

The experience of the “social package” is a particular example of how social policy-making works within the clientelistic political culture inherited from the country’s political history. The lack of long-term policy vision is reflected in the compensatory character of the social measures. Social policies are implemented once economic policies have been implemented, and are designed only to compensate for the damage done by the latter. The social package is in that sense no more than small-scale measures aimed at compensating for the side effects of a fiscal reform. The social package has more the character of a “social powdering”⁵⁷ initiative to win some votes of the poor rather than a long-term structural initiative aiming at tackling poverty at its structural roots.

The social package initiative also illustrates another corollary of a clientelistic political culture, namely the lack of policy monitoring and assessment mechanisms. The measures included in the social package had been decided without any prior policy impact assessment and the measures that were undertaken were done so without any

⁵⁶ Polanco (2002).

⁵⁷ Personal communication from Jean-Michel Caroit (journalist, correspondent of *Le Monde*).

follow-up evaluation.⁵⁸ As the target of the actions of the government is to win the favours of those who have supported its elections, there is little motivation for independent and neutral assessment of policy impacts. As two Dominican social scientists put it, there is no “*revisión de cuentas*”⁵⁹ (a tradition of political responsibility with the ability to put oneself in question and to analyse one’s past deeds and learn from experience), and no “*rendición de cuentas*”⁶⁰ (accountability for one’s actions).

Another social programme illustrates the lack of concern of the democratically elected government for the well-being of the population, and the difficulty in linking the exercise of political freedom with the removal of unfreedoms given the Dominican Republic’s political history. In April 2001, under pressure from international institutions, the government created a Social Cabinet, with the aim of unifying social policies, which had until then been very fragmented and dispersed. No less than 163 institutions that provide social services directly depended on the Presidency. This multitude of institutions that are hardly co-ordinated, or this “bureaucratic feudalism”,⁶¹ makes the provision of public services inefficient and vulnerable to clientelistic practices, for fragmented policies and non-coordinated public institutions enable politicians better to please specific clientele.

The aim of the Cabinet was to gather all the social policies under a single institution that would be responsible for defining, designing and implementing them. The Ministries of Education, Health, Culture Agriculture, Environment, Labour, Gender, etc. would be co-ordinated by an executive unit, a social cabinet, directly responsible to the President. Yet, despite the efforts towards co-ordination, the Social Cabinet only met twice.

⁵⁸ Oviedo (2001).

⁵⁹ Personal communication from Ramonina Brea (Dominican sociologist and political scientist).

⁶⁰ Personal communication from José Oviedo (Dominican political scientist).

⁶¹ Personal communication from Tirso Mejía Ricart (head of the National Commission on State Reform).

In the political context where social policies are a matter of getting votes and satisfying political ambitions rather than a matter of ensuring the well-being of the population, the Social Cabinet did not function because the people in the Cabinet had an interest in it not to function so that more public jobs would remain available for their political clientele. For example, some members of the Social Cabinet had presidential ambitions and hence had a special interest in keeping social policies fragmented to better serve their clientele.

The Social Security Reform

A significant effort at undertaking action towards the removal of unfreedoms has been made through plans to reform the social security. The law establishing the Dominican Social Security System was approved in May 2001 and is established around a three-pillar system. First, it includes a contributory scheme for workers in the public and formal private sector who earn an income above a certain threshold. Second, it includes a semi-subsidised scheme for workers in the formal sector who earn less than this threshold. Both workers and the State are expected to finance this scheme. Finally, a third scheme will cover workers in the informal sector and all those who are too poor to contribute. The government is expected to finance this third pillar entirely.

The social security reform is fundamentally a capitalization social security system, primarily based on individual contributions. The State will only have a subsidiary role to support those unable to contribute sufficiently. The World Bank has already concluded that the approved Dominican Social Security reform “presented major flaws and was fiscally unaffordable.”⁶²

It is beyond the scope of this dissertation to engage in a technical analysis of the social security reform, but two major flaws can be highlighted for the present discussion. First, given the institutional weakness of the State, it is very likely that the State will not

⁶² World Bank (2001a:57). See Mesa-Lago (2000b) for an in-depth technical study of the non-viability of the Social Security reform.

be able to fulfil its functions as subsidiary provider. Among the tasks that the State has the obligation to perform are: to pay for the pensions of its own employees, to make contributions for its own employees, to contribute for workers in the informal and formal sector who have an inadequate wage, and to pay for the poor. In an economy in which 60% of the labour force is in the informal sector, and where more than 30 % of people are below the poverty line, there are some doubts whether the State will be able to comply with its tasks. The doubts are even greater to the extent that the law does not specify how the State is going to fulfil its functions and where the State is going to find the necessary resources to meet its obligations. Second, the Social Security System will first be implemented in its first pillar, for those in the public and formal sector above a certain minimum wage. The implementation of the two other pillars is only expected to take place within the following 5-7 years. All this suggests that the social security reform will in fact only concern workers in the formal sector above a certain wage and that it will introduce even greater inequalities to the Dominican society. Meanwhile, the bank and financial sectors will manage the pension funds and the health risks of those who are able to contribute in the individual capitalization scheme.

In 1995, there were already talks in the financial sector about the introduction of a social security reform in order to increase domestic saving (not in order to address poverty problems). The banks were already preparing to manage the pension funds that a social security based on individually capitalized system would lead to. In 1996, a Tripartite Commission for Social Security Reform was created, including members of the government, business people (members of the *Consejo Nacional de Empresas Privadas*, CONEP) and workers (represented only by trade unions of the formal sector). In 1998, on the basis of background consultations with the ILO, a social security scheme based on a pay-as-you-go system was adopted. That scheme was signed by the government of the time, by the head of the National Council of Private Enterprises (CONEP), and by the trade union leaders. After the document was signed, the head of CONEP who signed the reform, received pressure from some other members of CONEP (namely the financial

sector) to such an extent that he had to resign and withdraw his signature, and the approved reform had to be rejected.

An independent evaluation by a specialist of Latin American Social Security Systems reports that an actuarial study which concluded an equal financial viability of both the individually capitalized system and the pay-as-you-go scheme had been kept secret.⁶³ And while the government delayed in making the study public, the initial reform was considerably revised. The ILO made an evaluation of the second reform, but the results were not made public until the second reform was further amended, making the evaluation of little use. Examining the equity as well as the fiscal and financial viability of the reform, this independent evaluation recommended that the reform should not be adopted and implemented, unless thoroughly revised: "The main recommendation is to postpone the approval of the law, until the serious problems identified and analysed in this report are solved. [...] One should not pressurise the Congress to approve the law. If it is approved and then fails (given the mentioned flaws), a collapse of the social security will happen and will affect millions of Dominicans."⁶⁴ The evaluation also underlined the unacceptability of the secrecy in which the negotiations were held, a secrecy which "is not only improper to democratic society like that of the Dominican Republic, but moreover it impedes a better public knowledge so that informed decisions could be taken in matters of social security reform."⁶⁵

The Congress nonetheless signed the law in May 2001. Although the social security law was eventually made public after Congress approval, giving little possibility of discussing the reform. The information about the law was left so complex that people (especially the poor) could not understand much of what was at stake. The heavy and

⁶³ Mesa-Lago (2000b).

⁶⁴ Mesa-Lago (2000b:24).

⁶⁵ Mesa-Lago (2000b:24). The irony is that this independent evaluation report was itself kept secret until the Legislative Assembly approved the law. A health economist who participated in the Social Security negotiations (Tirsis Quezada) gave me the report with the following words: "It was prohibited to circulate publicly this document, but as it was published two years ago and the reform has now been approved, you can have a look at it."

totally unrealistic burden that the law leaves to the State had not been discussed at all in the public arena (the media being controlled by powerful financial groups).

Again, like in the previous examples, the reason that such a social security scheme is being implemented lies in the country's structure of socio-historical agency, characterised by little government accountability, and the inability of poor people to exercise their individual agency in a way that would promote their well-being at the structural level.

5. Conclusion

The aim of this empirical part has not consisted in underlining a set of conditions under which the exercise of political freedom is conducive or not to the removal of unfreedoms, so that these disabling conditions could be spotted in other countries and possible consequent actions explored to remove disabling conditions. Although the Costa Rican and Dominican socio-historical narrative or description of their structure of socio-historical agency do provide some explanations for the reasons why one country has been more successful than the other in promoting human freedoms, the narratives clearly show that no explanations of general validity can be drawn as to what factors are making the exercise of political freedom conducive or not to promoting the well-being of the population. As Laurence Whitehead concludes, "While such a strategy [of using an historical perspective that combines economic and political considerations to account for social policy trajectories] may generate useful insights into the overall determinants of social development in a significant range of cases, it does not produce easily universalisable conclusions, nor still less does it tend to generate optimum policy prescriptions."⁶⁶

Although no explanation of universal applicability can be given regarding the overall determinants of social development, the empirical part of this dissertation has

⁶⁶ Whitehead (2003:1).

however underlined an important conclusion of universal applicability, namely that social development critically depends on the complex dialect between the inherited socio-historical reality and the way that reality is appropriated, and that a country's capacity to remove unfreedoms critically rests upon historical and communitarian dimensions that seem hardly compatible with an emphasis on the individual as subject of development.

As argued in the theoretical part, Sen's capability approach can be seen as a theory of development which investigates social arrangements "in terms of their contribution to enhancing and guaranteeing the substantive freedoms of individuals,"⁶⁷ which situates "individual agency as "central to addressing deprivations",⁶⁸ and which considers the ability to participate in the life of the community (or the exercise of political freedom) as central to promoting human well-being. However, as the Costa Rican and Dominican development stories exemplify, such a theory of development is rather insufficient to investigate social arrangements in their contribution to human well-being and to understand the processes that have led to human well-being enhancement. The substantive freedoms of individuals, individual agency and the exercise of political freedom would need to be brought towards more explicit collective and historical dimensions.

There are socio-historical processes that make the promotion of the freedoms of individuals possible, and that make the exercise of individual agency and political freedom conducive to the enhancement of human well-being. These socio-historical processes have been described in terms of what has been called the appropriation/socio-historical reality dialectic, that is, the dialectic that takes place between human choices, seen in terms of appropriations of the reality that one faces in a certain community and at a certain historical moment, and that reality itself, along with its characteristic structures of living together. This dialectic movement represents the structure of a country's

⁶⁷ Sen (1999b:xiii).

⁶⁸ Sen (1999b:xi).

collective capability to promote human freedoms, what has been referred to as the structure of a country's socio-historical agency.

Investigating social arrangements only in terms of their contribution to the freedoms of individuals, while ignoring the crucial role of a country's structure of socio-historical agency, would hide important information regarding the conditions of these social arrangements' contribution to the freedoms of individuals. For example, when one assesses Costa Rica's social arrangements in terms of the education or health performances that individuals achieve (such as literacy rates or infant mortality rates), one does not only assess freedoms that individuals possess, but one also implicitly assesses the freedom that the country, as a whole, possesses to promote educational or health achievements. Similarly, for the Dominican Republic, if the country exhibits today illiteracy levels four times higher than these of Costa Rica, and infant mortality rates three times higher than these of Costa Rica, these are not only shortcomings in individual freedoms, but also reflect shortcomings in the country's collective capability or freedom to promote human well-being, shortcomings which find their root in the country's socio-historical legacy.

Considering individual agency as central in addressing human deprivations without rendering account of its socio-historical conditions that render possible for the exercise of individual agency to effectively address human deprivations, would again provide a rather important misconception of the role of individual agency in addressing human deprivations. For example, when Juan Bosch was elected President of the Dominican Republic in 1963, he exercised his individual agency to undertake social policies that would enhance the well-being of the Dominican population. However, there were no structural conditions for his agency to effectively address human deprivations, and he was soon overthrown. Although he had the individual agency to undertake social reforms, he did not have the socio-historical agency to do so. In contrast, when Calderón was elected President of Costa Rica in 1940, he had the individual agency to undertake

social policies that would enhance the well-being of the Costa Rican population given another set of structural conditions.

The exercise of political freedom or the way people participate in the life of the political community does not occur in a a-historical or a-communitarian vacuum. There is a historical and communitarian background against which people participate in the life of the political community, and understanding that background helps us understand the role of the exercise of political freedom within the capability approach to development and the non-necessary link between the exercise of political freedom and the removal of unfreedoms. For example, the way Dominicans participate in the life of the community is greatly influenced by an identification of the government with the person of the President, and by an understanding of the State as an instrument to win personal favours. The way Costa Ricans participate in the life of the political community is similarly affected by that historical and collective background. The public protests against the opening of the telecommunication market to private participation have to be seen against that background and the strong identification of Costa Ricans with their welfare institutions.

In other words, the case studies have particularly underlined that the exercise of *human* freedom and choice cannot be separated from *history* and *community*, and that as a consequence, a theory of development centred around human freedom, as does the capability approach to development, would have to be thickened by these collective and historical processes that underpin all human choices, and that affect the conditions under which human well-being can be promoted. The next chapter summarizes the arguments of this dissertation and what such a human freedom-centred approach to development imply.

VIII. A freedom-centred view of development

"Here too, as in many other areas already examined in this book, the remedy has to lie in more freedom."

Amartya Sen, Development as Freedom, p. 123

Sen's capability approach to development can quietly be defined in terms of one single word, freedom: "Development consists of the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency. The removal of substantial unfreedoms is constitutive of development."¹ Freedom is the only criterion according to which societies should be arranged – freedom seen as human choice to pursue what one considers as valuable to choose and pursue.

As underlined in the introduction, Sen would probably disagree with his capability approach to development being interpreted as a theory advocating that societies should be arranged according to the only criteria of human freedom. He would probably re-affirm that his capability approach only proposes an alternative evaluation space to the utility space of human well-being evaluation, and that it does, by no means, suggest a certain framework for arranging societies in certain specific ways.

However, the whole dynamics of this dissertation has been otherwise. It has rested upon Sen's unavowed intention to propose a conception of development that does indeed suggest a specific normative framework as to how action should be guided and societies arranged so that the unfreedoms that leave people with so little choice can be removed. And if this is the internal logic of Sen's capability approach, then this dissertation has argued that Sen's approach to development would have to be thickened by certain elements if it is to depart from the academic arena and fulfil its implicit ambition of being an approach to development aimed at being a praxis for removing unfreedoms.

¹ Sen (1999b:xii).

This dissertation has been structured around the three building stones of Sen's approach to development. I will rename them as follows: 1) freedom consequentialism, that is, the expansion of substantive human freedoms constitutes the end of development; 2) individuals as subjects of development, that is, individual freedom is the end of development and individual agency the central element in addressing human deprivations; and 3) freedom-proceduralism, that is, democratic practice is the only way or the only procedure through which unfreedoms can be removed.

Chapter II discussed to what extent assessing development policies in terms of their consequences upon an incomplete set of human freedoms offered an insufficient theoretical framework for guiding action towards the removal of unfreedoms. The chapter has argued on the one hand that, if the capability approach comes to constitute a normative framework to remove unfreedoms, then human freedoms are rather to be seen as beings and doings rather than abilities to be or do, and on the other hand, that the evaluative space of development could only rely with difficulty on what people have reason to choose and value.

The thesis has illustrated this by discussing how democratic practice, as a way of expressing what people have reason to choose and value, is flawed by external constraints, power inequalities and conflicting interests, which seriously distort the values that people might express. Therefore, if the capability approach is a theory guiding and assessing development policies according to what people have reason to choose and value, it would critically require an account of the reasons that people may advance to value particular capabilities, given the flaws in the processes through which people express what they have reason to choose and value.

The dissertation has concluded that Sen's freedom-consequentialism, with its emphasis on human freedoms as the evaluative space of well-being and its reluctance to identify a certain set of valuable freedoms, would have to be thickened by a substantial, or what some philosophers have called a perfectionist conception of human well-being,

which establishes a certain set of human well-being components that societies should promote. A preliminary view of what is intrinsically good in a human life, about what constitutes a good living in society, is necessary for action to take place. Although the absence of a consensus about what is good means that such a preliminary view is tainted by uncertainty,² this does not exclude the possibility of taking such a view, even if such a view remains provisional and subject to revision. The dissertation has suggested that Nussbaum's internal essentialist approach, with its list of central human freedoms, and the International Development Goals constituted two such visions of the human good that could be combined and used to assess the success of countries in promoting the well-being of their members.

Chapter III discussed how far the emphasis that Sen's capability approach to development put on considering individuals as the only subjects of development, both as ends and means, could be maintained if the approach was to provide a guide for action and remove unfreedoms. In that context, the chapter has argued that the crucial role that Sen gave to social arrangements in the construction of individual freedoms and agency, combined with his reluctance to approach development with a supra-individual subject, could only be maintained with difficulty. The chapter has especially emphasised the importance of structures of living together, that make the exercise of individual agency and the expansion of individual human freedoms possible. Because structures of living together are structures which belong to a particular historical community, and which are irreducible to interpersonal relations and yet bound up with these, the chapter has concluded that the subjects of development are neither individual subjects, nor collective subjects, but are both individual and collective.

The two case studies have highlighted that assessing development in terms of individual freedoms only, leaves aside the crucial role of socio-historical processes that have made the promotion of these freedoms possible, and that referring to an a-historical

² Ricoeur (1991:178).

and a-communal understanding of individual agency is insufficient to understand how choices are being made and unfreedoms removed. For example, the Dominican case study has shown that the individual agency that Sen views as so central for removing unfreedoms has contributed very little to transforming the Dominican Republic's social arrangements and to making them conducive to the promotion of freedoms, but has contributed instead to maintaining the status-quo by perpetuating clientelistic practices. Similarly, the Costa Rican case study has shown that the individual agency that is used to remove unfreedoms, or protect freedoms, takes its roots in long socio-historical processes. It is for example no accident that Costa Ricans resisted the privatisation attempts of the state-owned electricity and telecommunication company. Their agency to do so rests on long socio-historical processes that have allowed Costa Ricans to react that way to their government's policies.

The dissertation has argued that Sen's capability approach to development does not seem to have well integrated these processes of social construction, and the extent to which a country's history leaves a mark of "social imprint" on current actions. Because the exercise of human freedom and choice cannot be separated from history and community, Sen's emphasis on individual freedom and individual agency needs to be seen within the context of certain structures of living together, and their particular appropriation in the course of a country's history, opening up or closing down opportunities for removing unfreedoms. The agency that individuals have to promote human freedoms in a given country finds its roots in that country's socio-historical agency to do so. This is why this dissertation has concluded that Sen's capability approach would need to be thickened by socio-historical narratives which help us to understand the complex relationship between individual and socio-historical agency.

Chapter IV discussed the central importance that Sen's capability approach gave to the public debate and democratic decision-making, or in more generic terms, to the ability to participate in the life of the community and to take decisions in matters that

affect one's own life and the life of fellow-human beings, as the main procedure through which other freedoms are to be promoted. Because the exercise of political freedom occurs in a context of power inequalities with conflicting interests, the chapter has argued that, if development cannot be dissociated from participation or democratic practice, it has also to pay careful attention to the quality of participatory or democratic processes, to the quality according to which political freedom is exercised in a given political community. There are no necessarily links between the exercise of political freedom and the expansion of other freedoms.

For example, although free elections were held in both Costa Rica and the Dominican Republic from the 1960s onwards involving opposition parties, the Dominican historical legacy has made it difficult for socially progressive elected governments to remain in power and undertake measures to promote the freedoms of Dominicans. The case studies have also highlighted that a general political consensus is not sufficient to remove unfreedoms. Both Costa Rica and the Dominican Republic knew a quasi single-party democracy in the 1960s-1970s, the *Partido Revolucionario Dominicano* of Balaguer, and the *Partido de Liberación Nacional* of Figueres. Both parties had very little opposition, because in the one case there was a general consensus that the role of the government was to rule in a clientelistic and authoritarian way, and in the other case because there was a general consensus that the role of the government was to provide the population's basic needs through the public provisioning of basic services.

Because the exercise of political freedom is not necessarily exercised for promoting human freedoms, a pure freedom-proceduralism is thus not sufficient to assess and guide actions towards the removal of unfreedoms. This is why the dissertation has argued that the exercise of political freedom would need to be thickened by a normative procedural assessment of decision-making processes, which assesses to what extent political communities are structured in such a way that the exercise of political freedom successfully promotes human freedoms. The case studies have borne out that these normative principles which link the exercise of political freedom to the removal of

unfreedoms, such as, for example, the respect of a certain ratio of public spending allocated to primary health or education, or a non-discriminatory coverage of public spending, are embodied in particular social arrangements (like a Social Security system or a primary public education system for all in Costa Rica). The case studies have also borne out that the embodiment of these normative principles of justice into particular social arrangements, or their non-embodiment in social arrangements (like a capitalized social security system, a privatised electricity company or a strong separation between public and private education systems in the Dominican Republic), are the results of socio-historical processes.

Relying on Sen's conviction that societies should be arranged according to a freedom-centred view of development, this dissertation has argued that, because human freedom always exercises itself on the basis of, within and for the socio-historical communities to which one belongs, and because today's human freedom builds itself on that community's socio-historical legacy, a freedom-centred view of development would need to be thickened if it is to offer theoretical benchmarks for action within these socio-historical communities and remove the many unfreedoms that leave the members of these communities with so little choice to live the way they have reason to choose and value.

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