The Standard of Living
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The Tanner Lectures
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and
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Introduction

The Tanner Lectures are the idea of Obert Clark Tanner, now Emeritus Professor of Philosophy at the University of Utah. They are intended in the Trustees’ words ‘to advance and reflect upon the scholarly and scientific learning relating to human values and valuations’; they were formally established at Clare Hall Cambridge on 1 July 1978, and are given annually at Harvard, Michigan, Stanford, Utah, Brasenose College Oxford and Clare Hall, and occasionally elsewhere.

It is part of the point of the lectures that they shall be published. This is done by the University Presses of Utah and Cambridge in volumes edited by Sterling McMurrin under the title *The Tanner Lectures on Human Values*. A shortened version of the two lectures given by Amartya Sen in Cambridge appears, with those given elsewhere in 1985, in Volume VII (McMurrin 1986). The fellows of Clare Hall have decided that the purpose of the lectures, for which they themselves are responsible, might be furthered by publishing them in full and by including in that publication some of the comments made at the subsequent seminar. The Tanner Trustees and the Syndics of the Cambridge University Press have agreed, and the present volume is the first result.

The ‘standard of living’ could not more directly have addressed Obert Tanner’s intention. If not always under this description, it has become one of the first considerations of government; maintaining and improving it has become one of the central expectations of those who are governed. Indeed, in the extension almost everywhere of democracy, or at least, in the aspiration almost everywhere to democracy, in what is expected of modern states and of the economies over which these states more or less deliberately preside, and in the
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Increasing concern with the condition of the developing countries since the 1950s, it may not be an exaggeration to say that, with national security and defence, it has become one of the two main objects of politics. But because it has as a result become such a highly charged issue, because of the difficulty of deciding what, exactly, it consists in, and because of the increasingly technical complexity of the answers to that question – all of which are themselves related to the complications of modern societies, the scope of modern states, and the increasing influence of economists in public policy – each advance in understanding how to think about it has been accompanied by further confusion and doubt. As so often in such matters, the more that seems to be known, the more that is said, and the more, practically, that is attempted, the less it seems that many, including many of those most closely involved, understand. Amartya Sen is an exception. He is as familiar with the historical project of his subject as he is with the variety of modern economies, as sensitive to the moral and political implications of economic analysis as he is expert and innovative in its techniques. He is accordingly, and almost uniquely, able to grasp, connect and convey the range of issues that arise in ‘the standard of living’.

‘The value of the living standard’, as he puts it, ‘lies in the living’. And if that means, against some prevailing academic fashions, that we have to reject being precisely wrong in favour of being vaguely right, so be it. But this is not to say that one can be cheerily – or in the popular conception of economists and what they do, even gloomily – loose. Much of what falls within ‘the standard of living’, like much of living itself, may not admit much empirical precision. And even if it did, such precision would usually have little point for those in government, who act with instruments that are blunt in conditions which they only fitfully control. Conceptual precision, however, is quite a different matter and is in this issue as important for citizens as it is for social scientists. It is Sen’s first concern. In the first lecture, he criticises existing approaches to the standard of living in terms of utility and income and wealth, or ‘opulence’. In the second, he makes a case for thinking of it in terms of human ‘functionings’ and ‘capabilities’. In both, he shows that the argument consists in much more than tidying up a few loose ends. Three issues introduce the point. The first is one to which Sen refers only in passing in this volume; the second is still open at the end of it; the third remains implicit throughout.
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The first is the confusion that can come from not observing the seemingly simple distinction between defining the standard of living and explaining it. The ease with which this can be done, and the muddle that can result, come out clearly in what is still perhaps the most sustained academic dispute about any actual standard of living, that in England in the years of the Industrial Revolution, between about 1750 and 1850. In their paper on ‘the theoretical basis of pessimism’ in this dispute, Hartwell and Engerman distinguish the three different questions in it (1975:193–4). Did the standard of living of the working class rise in this period or not? Did it even fall? Would this class have been better off if there had been no industrialisation at all? And would they have been better off if industrialisation had occurred, but had taken a different course?

As von Tunzelmann says, having thus introduced some clarity into the matter, Hartwell and Engerman themselves proceed at once to confuse it: they suppose that the ‘pessimists’ are those who believe that the working class’s standard of living fell, and who believe that the answer to the second question – the question of whether this class would have been better off if there had been no industrialisation at all – is ‘yes’ (von Tunzelmann 1985). In the first place, it is perfectly possible to answer ‘yes’ or ‘no’ to each of the three questions and be consistent. Even if one thinks that the standard of living did go up, one might also think that it would have gone up even faster without industrialisation, or if industrialisation had taken a different course. Conversely, it is perfectly possible to believe that the standard of living went down, and that it would have gone down even further if industrialisation had not occurred. (Most economic historians seem now at least to agree that real wages were fairly constant until about 1820, and rose thereafter.) As it happens – and apart from the wholly nostalgic, the Chestertons and Bellocs and others who have never seriously thought about the issue – the pessimists fall into three clear groups. One includes those like E. P. Thompson, who think that standards did fall, and that industrialisation would have brought more benefits if the ownership and control of capital had been in different hands, if it had in this or some similar (if undefined) respect been more ‘socialist’. A second argues like the Hammonds, who were more agnostic about the course of the standard of living itself, but believed that industrialisation would have brought more benefits if the government had softened the consequences of enclosure, set a minimum wage for unskilled workers, and in enabling them to
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combine, allowed a fair wage for the skilled. A third includes von Tunzelmann himself, who argues that industrialisation would have brought more benefits and produced more growth if it had not been so capital-intensive.

But several of the pessimists, as Hartwell and Engerman see, have obscured their case by failing to separate the counterfactual question of whether the standard of living could have risen more, and more quickly, from the factual question of whether it rose at all. As Sen makes clear in his reply here to Keith Hart, not only are these questions distinct, but it is also the case that answering ‘yes’ to the counterfactual questions, for instance by showing that the productivity of labour could have been higher, does not necessarily give a similar answer to the more factual one. An affirmative answer to that would depend ‘on the distribution of the aggregate supply and the utilisation of commodities in giving people the ability to do this or be that’. A recent contribution to the more purely factual question takes this point and suggests that instead of looking at estimates of income, which are possibly invalid, certainly unreliable, and difficult to interpret, one can look at trends in height (Floud and Wachter 1982; Floud 1984). This more exactly captures the distribution of commodities and, in concentrating on one of the effects that commodities have, suggests Sen’s ‘functionings’, and hence ‘capabilities’.

The second issue which makes the case for conceptual precision, and for the distinctions that Sen himself proposes, is that of what has often been referred to as the ‘relativity’ of living standards. This comes out clearly, and often very passionately, in arguments about poverty. In Sen (1983a), to which he refers to the end of the first lecture, and in his reply to Townsend’s criticisms of that paper (Townsend 1985; Sen 1985c:161), Sen summarises his view in the remark that poverty – and by implication the standard of living more generally – ‘is an absolute notion in the space of capabilities but very often it will take a relative form in the space of commodities or characteristics’. That is to say, there are certain capabilities – the capability remarked upon by Adam Smith, for instance, to appear in public without shame – which are absolute. If they are desirable at all, they are desirable for all. It is the resources or commodities that are needed to realise them, and not they themselves, which will vary through time and across space. In late eighteenth-century Glasgow, as Smith himself remarked, it may have been impossible to avoid shame without appearing in a linen shirt. In late twentieth-century London, as a respondent in a recent
survey is reported as saying, it may be impossible to avoid it without being able to claim to give one's children treats.²

So much is clear and, perhaps, acceptable. What remains open, obviously difficult, perhaps indeterminate, but certainly crucial is, as Bernard Williams explains, the question of whether something like appearing in public without shame 'might be derived from some more basic capability', like that for self-respect, the question of whether such basic capabilities can usefully be thought of as rights, and the further, and perhaps more fundamental, question of whether, if such capabilities, perhaps 'absolute' capabilities, can be defined, their absoluteness lies in nature or in convention. The difficulty is, in a general way, familiar, but both Sen, in these lectures, and Williams, here and elsewhere (e.g., 1985:152–5), have set it out very clearly. An answer from nature will almost certainly underdetermine what, in any particular case, we may want to decide and do. Wholly non-conventional needs are very minimal things. Yet an answer from convention will be open to the objections that it is indeed only an answer from convention, that a convention cannot without further argument be taken to be its own defence – that, as Sen, Williams and John Muehlbauer all point out, people may just have resigned themselves to it – and that defending it, or not, will in the end, in Williams' words, have thus to 'cycle back' (perhaps via comparisons with conventions elsewhere) to human nature, or real interests, or something of that sort. Yet the cycling-back may not be an entirely argumentative matter. 'The excellence or satisfactoriness of a life', as Williams has put it, 'does not stand to beliefs involved in that life as premise stands to conclusion.' An 'excellent life', even a satisfactory one, 'is characterised by having those beliefs, and most of the beliefs will not be about [the] agent's dispositions or life, or about other people's dispositions, but about the social world' (Williams 1985:154). The value of the living standard does indeed seem to lie in the living. The second argument in favour of conceptual precision is not to avoid that fact, but to try to see exactly what it might mean.

Nevertheless, living is inescapably collective, and no one can now believe that collective life, for instance in something called 'the market', takes a natural course. It is, even if only by default, directed. Modern governments may never be able to act precisely. But, however imprecisely they can actually do it, they do have to have a fairly precise sense of what it is that they might or might not be trying to do. This is the third reason for insisting on conceptual precision. Neither Sen nor
any of his commentators deals directly with the questions that this raises. Sen's own first concern in these lectures is with distinguishing the idea of the standard from explanations of it, and then with the idea itself, not with what might be done about that standard in any particular place at any particular time. Moreover, as he says in reply to Ravi Kanbur, he is here in these two lectures less concerned with the question of aggregation, the question that has to be answered for public policy, than with the prior question of the standard itself for the individual. But much of what he and his commentators have to say does bear upon what governments and other agencies might do.

Many governments and non-governmental agencies, for example, take some kind and degree of responsibility for what have come to be called the ‘basic needs’ of the poor. Sen shows that the foundations of such talk, the bases of the needs, have not been altogether clear. In addition, all governments have to consider the fact that most of the people for whom they might be making policy, whether these people are poor or not, live in households. These include children and, often, disadvantaged women. This raises questions of distribution and more technical questions of ‘equivalence’ – questions which are distinct from those of aggregation to the level of the ‘social’, or more exactly the public, good – to which Muellbauer and Hart in different ways address themselves. Moreover, governments and other agencies have to understand, and not just pre-emptively to decide, the extent to which households in the societies for which they are responsible can, in Hart’s phrase, ‘provision themselves’, and the extent to which provision has to come through some other institution or set of institutions. The interest of Hart’s paper lies in the attention it draws to the often intricate and shifting connections that exist between ‘self-provisioning’ and provisioning by other means in three economies: those of grain farmers and herders in the West African savanna – the now stricken ‘Sahel’ – of textile workers in nineteenth-century Lancashire, and of industrial societies now. Such connections, as Hart and Sen in their different ways explain, make it dangerous to make inferences from estimates of income. And it is part of the main point of what Sen has to say, as he reaffirms in his reply to Muellbauer, that commodities – income itself, things which can be exchanged for income, and things which can be thought of as income – must be distinguished from what he calls ‘functionings’. Functionings are ‘features of the state of an existence of a person’, not things which the person or the household can own or produce.

Moreover, as Sen says at the end of the second lecture, it is
important, if not always easy, to distinguish functionings from capabilities to function and capabilities to choose to function. Capabilities imply freedoms. That is part of the point of considering them. Many people, and some governments, do pay attention to questions of freedom. Sen himself, as well as Kanbur and Muehler, explain what might be involved in giving this notion some practical clarity and operational sense, and what might be involved in comparing its ex ante attractions with its ex post results. But because a person’s set of what Sen calls ‘feasible functioning bundles’ is also that person’s capability, ‘there is a simultaneous and two-way relationship between functionings and capabilities’. Some capabilities, of course, as Williams makes clear, may not relate to choice ‘over the good that itself contributes to the increase in well-being or the standard of living’ – it would be odd to claim that the capability of living longer, or of being taller, consists in being able to choose to die earlier or become smaller, and that this ability increases one’s standard of living. And many capabilities – to buy yet another make of washing powder, for instance, as Williams says, in which to launder one’s shirt – are trivial. But it does make conceptual as well as practical sense eventually to consider what he refers to as ‘sets of co-realisable capabilities’ and thus to think about the social and political conditions in which individuals might acquire such sets.

Nevertheless, questions of aggregation, let alone those of a more directly empirical and political kind, cannot be answered, cannot even indeed be asked, before the idea of the living standard itself is clear. Sen’s merit is to have done much to make it so: as even his critics would have now to concede, to have made it a great deal clearer than it has previously been where the argument is and what it is about.

I am grateful for the help I received in arranging the occasion, and in preparing the results for publication, from others at the college, from Francis Brooke and Keith Lloyd at the Cambridge University Press, from the four commentators, and above all, and at a very difficult time for him, from Amartya Sen himself.

Geoffrey Hawthorn
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NOTES

1 I am grateful to Nick von Tunzelmann for drawing my attention to this paper and indeed for enabling me to catch up with the whole debate. Tunzelmann (1985) includes a review of the now considerable literature on it. I am also grateful to Roderick Floud for drawing my attention to his own work.
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2 This example comes from a lecture, 'Poverty: current theories and policies', given by Peter Townsend at the University of Warwick in March 1986 and the text of which he kindly let me see. The research on which it rests, in which Townsend himself is involved, is on poverty and the labour market in London in 1986.

3 To call this question 'prior' may seem to commit one to 'atomism', to that belief in extensionless subjects and presuppositionless bearers of rights, inclined to anarchism, to which many non-economists suspect that economists are committed and to which some economists themselves can often seem to subscribe. It is therefore perhaps worth pointing out that even the most insistent critics of such atomism agree that one has to start with the self; they insist merely that 'the free individual cannot be concerned purely with his individual choices and the associations formed from such choices to the neglect of the matrix in which such choices can be open or closed, rich or meagre'; and that 'it is important to him that certain activities and institutions flourish in society' (Taylor 1985:207). Whatever may be true of the arguments of others, it is plain that Sen's, far from closing off such considerations, require them.