

Reinventing Amartya Sen's Paradigm of Human Development

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Summary

Since its birth during the sunset of the twenty century, Amartya Sen's paradigm of human development has been the most acknowledgeable revolution in social sciences. It can be studied as a moral philosophy, political economy, welfare economics, distributive justice theory, social contract theory, and a new metric of human progress. It is a powerful conceptual model having considerable proficiency to replace the hegemony of neoliberalism as mainstream economics and development policy. However, the takeover process has not happened yet because, first, neoliberalism is not only a powerful economic brand, but also an ideology deeply rooted in the genes of conventional market societies and people's mindset; second, there is a growing feeling that Sen's paradigm still needs to take distance from neoliberal survival stratagems intended to opportunistically gain possession of some suitable attributes of the human development brand; and third, it is quite visible the insufficiency of the whole set of 2030 Sustainable Development Goals (whose origins essentially descend from Sen's thoughts) to produce accurate transformative changes that can radically substitute the prevalent neoliberal distribution theory, known as «trickle-down economics», that has driven most market societies to intolerable levels of wealth and income concentration with the repulsive consequences of breaking social cohesion everywhere, and even worse, reviving archaic and noxious class struggle ideologies. All these undesirable factors and circumstances working together suggest that it is a good moment to reinvent Sen's paradigm in the best sense of the word. This essay contains a brief introduction to the main features of the reinvention process showing at the same time an epistemic path to erect Sen's paradigm as the dominant model to follow.

What does 'Reinventing' Mean?

In this paper, I use the word 'reinventing' in the sense of remaining Sen's classic thoughts but making them fresh and current in the light of the welfare imperatives of today's market societies. In other words, while I recognize that the philosophical and historical pertinency of Sen's thoughts remains intact across time, on the other hand, I have to admit that the usage, particularly, of the «human development» brand has lost a bit of brightness and fascination. This is -in my view- because of its popularization (or vulgarization?) and even reductionism as solely a statistical index and a political pact towards the 2030 Sustainable Development Goals. But Sen's paradigm is much more than that as we have

already discussed in a previous essay.¹ These are some of the reasons to rejuvenate Sen's paradigm deserving plenty of epistemic worth to its original philosophical rebellion against utilitarianism and orthodox neoclassic economics. In so doing, I also pursue to reinforce Sen's societal transformation ideals, structural reform proposals, and development policy patterns.

A Core Thesis Streamlining our Discourse

In an inaugural essay published by this magazine, I concluded that «rising wealth and income inequality» is one of the greatest threats to the stability and social cohesion of market societies in the twenty-first century.² In line with this dictum, the central thesis of this paper states that if Sen's paradigm aims to uplift much fairer and more equitable market societies by taking as its best vehicle the full achievement of the Sustainable Development Goals (SDGs), Amartya Sen and his disciples must undertake a series of refinements covering ontological, teleological, theoretical, strategical, developmental and methodological domains, without which it is unlikely to guarantee any remarkable transformative change and impact by 2030, and a lot less, to convert itself into an alternative paradigm to neoliberalism. This thesis represents the spirit, the starting and arrival points of this essay.³

New Departures in Sen's Paradigm

Looking back at the evolution of Sen's paradigm since its birth in the 1990s, we can testify an impressive adoption of its original world vision by scholars, development strategists, practitioners, and politicians. Today, thirty years later, certainly, Sen's paradigm faces renewed intellectual challenges as I describe below. It is about what I like to call «new departures» which are aimed at syntonising Sen's paradigm with contemporary development realities and thoughts, and above of all, societal demands for shifting neoliberal hegemony both as economics and as ideology.⁴

Ontological Departure

The original assertion that «human development is about putting people at the centre of all development processes» as proclaimed by Sen's institutional adherents sounds marvellous, but it is not free of criticism, particularly, when we consider the concerns re-

garding the outreach of this precept from conspicuous Phil-environmentalists.⁵ They argue correctly that the idea of conceiving the human being as the center or king of world evolution, without granting a similar hierarchy to non-human life and natural ecosystems from which all living species on earth depend for their inception and reproduction, turns out to be very narrow philosophical ethics in its conception and scope. In other words, subjecting the existence of other species and the natural environment at the expense of the selfish and utilitarian interest of human beings is ethically unacceptable. This type of anthropocentrism, which could be also understood as human chauvinism ('the human being is privileged simply because it is human'), usually carries very negative consequences not only in terms of people's motivation for environmental protection and conservation, but also concerning the disposition that society gives to ecosystems to improve the quality of life and social well-being in general. The way out from this philosophical crossroads, as said by our ponderous natural scientists, is not to assume an anti-anthropocentric position embracing another opposite misconception, i.e. pure ecocentrist ('non-human species and natural environments are privileged'). It is essentially about recognizing and at the same time creating a conceptual and ethical balance between the priority of human life and the acceptance that this priority is unfeasible unless equal hierarchy is given to the preservation, conservation, and reproduction of ecosystems and biodiversity which together are the guarantee of realizing human life and that of other species. This interesting ontological discussion seems to be essential to refine the extent of Sen's paradigm when an indisputable connection between the human well-being and the natural environment is recognized seriously.

Teleological Departure

The search for «a unique teleological goal» to realize Sen's paradigm in practice is a determinant condition for its success. This statement has its origin in my deep worry concerning the real feasibility of achieving the 2030 Sustainable Development Goals upon the observation that the SDGs' normative framework embraces not only a few but 17 main goals and 169 targets, not all interlinked from each other.⁶ Is this a realistic endeavour? Frankly talking, I do not believe it. Just to remind, the partial and sometimes scrambled achievement of the Millennium Development Goals 2015, which were originally grounded in only 8 goals and 18 targets, is a good lesson to prudently calibrate any over-optimistic expectation by 2030. But my remark on searching and setting up a unique teleological goal obeys not exactly to numerical reasons. It is the result of an epistemic reflection derived from the formation of the theory of economic policy and subsequent economic modelling patterns that advise to theorists, planners,

and policymakers to focus on only one or very few goals while optimizing global welfare functions rather than setting up a large constellation of most likely inaccessible goals and targets. By way of illustration, let's say that the Keynesian paradigm identified «full employment» as the core subject of its macroeconomic theory and policy and organized around it all its forces to bring down the Great Depression and its multiple consequences. A similar scientific posture was assumed by the Friedmanian paradigm that encountered in the «(hyper) inflation control and price stabilization» the Leitmotiv of its monetary theory and economic policy activity. By analogy, I think that Sen's paradigm is due to identify a unique welfare or superior goal to achieve, around which the current SDGs' system must turn by playing an instrumental or intermediate instead of an ultimate role. In other words, the whole SDGs' system must be taken as a means to achieve a specific end and not as an end itself. Understood so my reasoning, the key question would be then: which overarching goal or end shall Sen's paradigm set up to optimize and realize its global welfare function? After a comprehensive survey of the state of the art in contemporary development economics and policy, I concluded that the question of «rising extreme wealth and income inequality» is one of the greatest problems that is seriously affecting economic welfare, social cohesion, and political stability of most market societies in the early twenty-first century.⁷ So, by logical normative conversion for development policy and planning purposes «to rise wealth and income equality» would be such a superior or teleological goal to achieve in the attempt to reinvent Sen's paradigm of human development and consequently by modelling its strategical and policy implementation in practice. This task is essentially concerned with bringing the whole SDGs' system around the unique teleological goal. As an analogy, it is like the understanding of the relation and functioning of the solar system with its stars, planets and respective orbits.

Theoretical Departure

The normative set up of the proposed unique teleological goal, namely, «to rise wealth and economic equality» implies a major theoretical distancing, when not rupture, from neoclassical orthodoxy. On the one hand, distancing is about making a clear conceptual separation from the neoclassical utilitarian distribution theory known as «trickle-down economics» and its marginal pro-poor approach as developed by the ideologues of the infamous Washington Consensus.⁸ This theory is invalid simply because instead of eliminating poverty and reducing inequalities, on the contrary, it has contributed to rising wealth and income concentration far away from minimum tolerable levels as we are witnessing today in most market societies. For this reason, there is not a need to embrace such a theory. On the other hand, dis-

tancing means adopting or creating a different distribution theory that shall englobe the whole society and not only a segment of it classified as poor. As world-class economists recognize, the classic «functional income distribution theory» represents one of the best ways to understand and analyse the origin of inequalities, so this should be somehow a new theoretical departure as an alternative theory and metric to neoclassic distribution economics. As is known, the central subject of the classic functional income distribution theory is the study across the time of the contribution of the production factors (i.e. land, capital, labour, and knowledge) to the national income (as measured by rents, benefits, salaries, and honoraria). Traditionally, the preferred focus of functional income distribution theorists has been the analysis of the antagonist relationship between the variables capital (benefits) and labour (salaries) showing, historically, that the capital owners earn and accumulate a relatively much higher income than the large majority of the society represented by the labour force.⁹ This is a good finding indeed, but this old dualistic approach may be overly limited nowadays as far as it does not capture the intricate hyper complexities of the social class structure inherent in any advanced post-industrial and digital market society in the twenty-first century, that make it possible, for example, that a single person can earn rents along with capital benefits, honoraria and salaries, so that the classic nomenclature and antagonism between capitalists and proletariat seem to be too discursive when not somehow anachronic, at least for the subject of a modern functional income distribution theory that pretends to analyse and involve the whole society and not only some segments of it, and above of all, that refrains from reviving old class struggle ideologies. Such contemporary realities should then mark the bottom line for Sen's new departure towards the elaboration of a more comprehensive and explanatory functional income distribution theory. Furthermore, this discussion puts forward for consideration the need to undertake robust statistical and economic research on income sources and earners taking advantage of the Big Data available nowadays for that purposes and other information that may be necessary to gather in a way to make more deurate cross-cutting wealth and income analysis by social classes and sub-classes, and other categorizations as required.¹⁰ But comprehensive statistical data collection and analysis are not mere contemplative exercises of how things look. It should essentially serve to reach overarching political consensus and long-term policy commitments conducive to the realization of structural economic reforms that are necessary to make possible the well-functioning of those market societies that envisage freedom and equality ideals.

Strategical Departure

How to strategize the process of achieving the proposed unique

teleological goal «to rise wealth and income distribution» whilst taking the SDGs' framework as a vehicle to reach it? This is a major task that requires a sort of special normative microsurgery bearing in mind the large size of the SDGs' framework and its variety of single goals that, as said earlier, sometimes looks very disperse and disconnected from each other. The strategical departure primarily consists of the identification of the key driving forces that can help propel the SDGs' framework towards the achievement of a unique teleological goal coherently and comprehensively. Those driving forces originate from diverse knowledge realms, namely : (i) moral philosophy or normative ethics that talks about values and principles that are essential to lay the foundations and foster equitable distributive justice; (ii) political economy which is concerned with the arrangements that society as a whole entity makes to generate, accumulate and distribute the benefits of economic growth among all its members in a fairly and equitably manner; (iii) economic policy that refers to structural market reforms, sound monetary and fiscal policies, and other crucial governmental actions (e.g. employment generation, well-paid jobs, sharing of capital and knowledge, and social security) that are necessary to uplift fairly and equitably market societies; and (iv) public policy clustering which aims at producing through an extensive system of public goods and even collective goods and services the largest number of positive externalities to benefit the largest segments of the population within a fair and equitable approach ensuring “the greatest benefit to the least advantaged”, remembering the well-known Rawlsian principle associated with equality. Once this strategical platform has been figured out, the next move is to closely examine, goal by goal, its concrete contribution to achieving the proposed unique teleological goal «to rise wealth and income distribution». It is a meticulous test that can help theorists, strategists and policymakers determine the internal consistency and coherence of the SDGs' system as it looks now, and above of all, identify the normative and causal relationship of every single goal with the identified superior end. Planners can develop more sophisticated mathematical based multi-objective optimization models aimed at achieving the ultimate objective-function (i.e. unique teleological goal) considering constraints and potential conflicts of objectives (trade-offs) vis-a-vis desired outcomes to deliver. Certainly, this exercise is not a simple matter but guided by a good common sense and pragmatism, Sen's adherents can produce a smart renewed conceptual and operational narrative intended to improve the quality and outreach of the SDGs' framework.

Developmental Departure

The milestone of this departure begins with the conversion of the aforementioned holistic strategy into a sort of «genuine» devel-

opment policy. The conversion exercise takes place at two levels: theoretical and pragmatic. The theoretical work copes with the imperative necessity of eliminating or at least minimizing the realistic risk of potential trade-offs between two fundamental principles in modern welfare economics, namely: efficiency and equality.¹¹ As is known, orthodox utilitarian economists reject the idea of making compatible both welfare objectives. A primary argument sustains that 'a comparison between efficiency and equality is simply incongruous since efficiency is associated with economics while equality is a highly distinctive approach to social theory, so they can't be overlapped whether in theory nor in economic policy practice'.¹² If so, trade-offs will necessarily emerge restringing economic efficiency and hence free market performance. Another derivative argument comes from the discussion around distributive fiscal policies. Economic orthodoxy claims that increased taxes in favour of equality ideals can provide greater equality but at the cost of less efficiency. This paper, without rejecting such a plausible trade-off situation, sustains that efficiency and equality can be perfectly complementary to each other if smart welfare economics approaches are embodied and conspicuous fiscal mechanisms for taxation and welfare distribution are designed and put in place to overcome the alluded contradiction. At least, this is what modern welfare economics teaches and what the world's most prosperous economies and equalitarian societies nowadays demonstrate. The pragmatic work is simply aimed at validating - through concrete examples extracted from the real world - that the ideal of harmonizing both equality and efficiency principles is not only economically plausible but socially and ethically desirable. This is for example what the contemporary economic history and experience of the Nordic Countries (Denmark, Finland, Iceland, Norway, and Sweden) reveal in terms of having achieved striking compatibilization between highest levels of worldwide efficiency (as measured by competitiveness criteria) with highest levels of worldwide equality (as measured by Human Development Indexes, employment ratio, and Gini Coefficient). These outstanding outcomes did not come from alone. They have been the result of a contractual and long-term oriented development policy that has made it possible to reach a harmonious equilibrium between an extensive individual autonomy and a developmental and ethical state whose main outcomes reflect on sustainable and inclusive economic growth, low unemployment rate, and fairly and equality market societies.¹³ We here find a real inspirational success story for reinventing Sen's paradigm as an alternative model to neoliberalism since it is based on fact-oriented reasonings and realities, and not on perceptions or hypothetical optimums.

Methodological Departure

Let's assume for a moment that a democratic government endorses the narrative above, has a moral will, political power, and fiscal revenues (as obtained through progressive taxation) to substantially better the wealth and income distribution schemes in the country. The key insight to move forward after knowing 'what to do' would be then the question: how to do that successfully? Since the sentence 'how to do it' is always a methodological matter, our primary advice to the concerned government would be first going to experimenting before making global policy design and adoption. Through experimental models, social scientists and strategists must validate (or invalidate) hypothesis based on facts and reliable data and demonstrate that successful verifiable outcomes can be extrapolated to broader social contexts as a precondition for setting efficient and cost-effective public policies. But the adjective experimental has here a specific connotation, quite different from conventional randomized and controlled experiments at micro and laboratory levels, whose utility sometimes is very restricted due to the narrow outreach of their outcomes as well as the limited generalization power of their findings, two critical constraints that severely affect making successful global public policy design and adoption.¹⁴ It is about what I like to call «experimenting in real time», that is, an experiment to be held with real actors, scenarios, and scripts that delivers policy outcomes in actual time. It is a participatory approach that allows learning by doing in a collective way and mainly to illustrate policymakers with real facts and data about the experiment impacts on citizen's well-being and elector's confidence, two crucial criteria for policy evaluating. Experimental models in real time combine both macro and micro development approaches and insights since there is no reason to separate these two analytical dimensions neither in theory nor in practice. Both approaches shall be part of the same experimental process and their policy consequences. Well now, since the reinvention of Sen's paradigm lies in a holistic strategical approach, one of the best departure ways for experimenting in real time is to start at a local level. This sphere offers a lot of analytical and operational advantages upon recognizing that a local society somehow contains the main features inherent in the global society to which she belongs. It is a type of genetic synthesis that facilitates to raise conclusions globally and reduce uncertainty in terms of people's behaviour and expectation about the quality of public actions. Having this background in place, the methodological departure towards uplifting a much fairer and more equality market society essentially consists of making public investments work for citizen's well-being without exclusion looking, on the one hand, at enhancing people's capabilities in terms of offering people access to basic goods such as health, nutrition, education, and housing, and on

the other hand, at empowering people with employment, well-paid jobs, access to capital assets and social security to enable themselves to contribute to economic growth and healthy public finance without depending from public charity or government subsidies unless strictly needed. It is about to make what I call 'process owners' rather than beneficiaries, that is, poor and middle-class working people who are able to convert public expenses into socially rentable investments.¹⁵

Concluding Remark

As the reader can conclude, all departures in reinventing Sen's paradigm pursue to converge at a common arrival point, which can be defined as a normative place, where two essential ideals (or welfare objectives) of the human development theory coexist and work together without manifesting relevant trade-offs, namely: sustainable and inclusive economic growth, and fairly and equality income and wealth distribution. As a reminder, these are two ideals that neoliberal orthodoxy has always rejected in attaining them simply because she does not believe in mixing economic growth with income and wealth distribution objectives and policies. No doubt that this disbelief may be true if no connection between the two objectives is pursued as it has been the case so far in many market societies. It is also true that such a connection does not exist per se; hence, there is a need to establish it through firm political engagement, sometimes radical institutional market reforms and progressive redistributive policy means, all this of course in alignment with the history, cultural and institutional traditions of those societies that choose to undertake a renewed human development adventure. In a next article, I will try to show how all departures in Sen's paradigm can work together in real time using a comprehensive hermeneutical approach at a local level, which consists of involving and combining multiple dimensions of societal development within one common conceptual and operational framework. The strategic game is about finding and/or creating a type of virtuous causal and functional relationships among several macro structural entities such as territories, people, institutions, public investments, and private economies and enterprises to realize in practice human development wealth and income distribution ideals and principles.

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Footnotes

1. In my article “Economics and Development Paradigms in Transition”, published by this magazine in January-March 2020, I made a comprehensive introduction and summary of Amartya Sen’s philosophy and economics.

2. See my paper “Rising Wealth and Income Inequality: What do we know?” in Africa Growth Agenda October - December 2019.

3. This is the main thesis of my new book in Spanish ¿Cambio de Paradigma de Desarrollo? Manuscript under editorial revision.

4. Due to the limited space available for this article, the narrative on the new departures will be confined to the disclosure of the primary thesis that sustains every single approach leaving for another opportunity the delivery of more explanation and discussion.

5. My arguments in this section are borrowed from Kopnina, H. et.al. “Anthropocentrism: More than Just a Misunderstood Problem”. In: J Agric Environ Ethics (2018) 31:109–127.

6. See, UN Declaration: “Transforming Our World: The 2030 Agenda for Sustainable Development”. September 25, 2015.

7. See my article “Rising wealth and Income inequalities: What do we know?” Op. Cit.

8. To remind, this theory says in simple words that ‘if the rich people get more wealth, it will gradually benefit the poorest because, in the long run, the wealth will trickle down from wealthiest to homeless’. If poverty persists in the long run beyond certain tolerable levels, say neoliberal strategists, subsidies and income transfers in a small amount to the poorest are admissible to avoid having people below a minimal monetary subsistence threshold.

9. Statistical figures describing this polar relationship in the most advanced capitalist economies show that while in 1980, the wealthiest 10% of individuals owned, on average 29.0% of the national income, in 2015, the top 10% received 46.0% of the national income. See, World Inequality Report 2018.

10. It does not mean, of course, that the conventional pro-poor approach and its vigorous statistical and analytical platforms as developed by neoclassic economists must be abandoned. Instead

of it, such platforms must be incorporated into the rationale of the new emerging economic mainstream since both personal and functional income distribution metrics are perfectly complementary one and other.

11. See, Morales, J. “Efficiency and Equity: Two conflicting Welfare Objectives?” Paper prepared for the Global Development Finance Conference. Africa Growth Institute, Cape Town. November 2013.

12. In fact, there is a belief in traditional economic circles that issues like equality are not within the economic sphere so they should be treated by “poets and politicians”.

13. On these outcomes, see an interesting report issued by the magazine The Economist in February 2013 under the suggestive title: “The Next Supermodel: Why the World Should Look at the Nordic Countries”. February 2013.

14. Some constraints are being in good time overcome by a new generation of world-class researchers in development microeconomics as we have learnt from Abjiit V. Bannerjee, Esther Duffo and Michael Kramer, who were awarded the Nobel Prize in economics in 2019 “for their experimental approach to alleviating global poverty”.

15. This concept will be extensively disclosed in the next essay to be published by this magazine.

